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The National Underwriter

LIFE EDITION

FRIDAY, OCTOBER 13, 1933

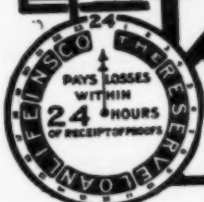


LIFE INSURANCE IS THE CORNERSTONE OF BIG BUSINESS

WRITE FOR GENERAL AGENCY PROPOSITION
AND TERRITORY

RESERVE LOAN LIFE

INSURANCE COMPANY
INDIANAPOLIS, INDIANA.





Doing Their Part!

Among the life insurance companies which were prompt in their immediate acceptance of the NRA code was the Peoria Life. Every salaried employee of the company is working according to the terms and under the benefit of the blanket agreement.

Nor were the members of the Agency Force — specifically exempted, as salesmen, from the provisions of the code—by any means forgotten. Promptly on

September 1, Peoria Life agents embarked on their own Fall Recovery Drive, extending over the months of September and October.

This Drive, with its timely appeal and worth while rewards, is effectively stimulating the productive efforts of the Peoria Life Agency Force. In promoting the back-to-work movement, increasing income, expanding buying power — all fundamental objectives of the National Recovery program—it is getting real results for Peoria Life agents. In the push back to prosperity, they are doing their part!

Peoria Life Insurance Company

PEORIA, ILLINOIS

The National Underwriter

LIFE INSURANCE EDITION

Thirty-Seventh Year—No. 41

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, OCTOBER 13, 1933

\$3.00 Per Year; 15 Cents a Copy

Life Officials at Week's Gathering

Financial Topics of Great Concern

American Life Convention People
Attracted to the
Symposium

MACDONALD IS CHAIRMAN

Papers and Discussions Reached High
Standards Showing Real Interest
in Subject

OFFICERS ELECTED

Chairman—O. J. Lacy, executive vice-president Minnesota Mutual Life.
Secretary—H. B. Hill, president Abraham Lincoln Life.

The Financial Section of the American Life Convention held its annual meeting Tuesday at Chicago with President C. S. MacDonald, head of the Confederation Life of Toronto, presiding and O. J. Lacy, executive vice-president Minnesota Mutual, as secretary. There was a large audience which overflowed the meeting room. President Fred Klawon of the Federal Land Bank at St. Paul, who was to tell about the farm credit administration, could not be present as he was busy in establishing two new banks in his district. His place was taken by E. Rice of Louisville, president of the Federal Land Bank in the fourth district.

Banks to Aid Agriculture

Mr. Rice said that the federal land banks began to function in 1917 and have made \$1,000,000,000 in loans. The federal land bank is the oldest of the financial institutions established to assist agriculture. The International Credit Bank was established in 1925 followed by the Production Credit Corporation which is a bank of rediscount. The fourth bank is the Bank of Cooperatives, which makes facility loans and finances farmers cooperatives. He said the federal land banks are loaning on 50 percent of the normal value of land and 20 percent on improvements. Values, he said, are based on the earning power of the property.

Now Making Many Loans

Mr. Rice said that the machinery in the 12 land bank districts will put the farmers on their feet. He said that it is necessary to have prosperous agriculture or the entire credit structure will fall. The federal farm banks are now using money to liquidate the federal land stock banks.

In his district he said that a loan is being made every six minutes of the working day. In November he pre-

(CONTINUED ON PAGE 21)

Company Exploitation Is Hit by President Boone

The unprecedented economic developments during his term as president of the American Life Convention were reviewed by Daniel Boone, president Midland Life, at the convention's meeting in Chicago. "The economic crisis which reached its peak last March," said Mr. Boone, "has revealed to us some weaknesses which have developed and require elimination, and have given to us lessons, which, if learned and heeded in the future, will be of lasting benefit."

Mr. Boone urged a return to the early traditions and ideals upon which the foundation of life insurance is laid. "Unless belief in the sacred character of life insurance reserves is part of a man's religion, he has no place in the administration of the trust with which the directing officers of life insurance companies are invested."

Mr. Boone severely criticized the activities of promoters in attempting to gain control of life companies at the expense of policyholders. The extensive assets attract promoters and their operations often result in tragic losses. Resistance against their approaches must be organized and constant.

The executive who uses the company for his own independent ends to further some collateral enterprise he has on foot must be looked on with suspicion. The life insurance trust has no proper use other than the fulfillment of obligations to policyholders and a fair and direct profit from business earnings to management, declared Mr. Boone.

"Control of the directorate of an in-

surance company by a bank, or other financial institution, which results in dumping into the company's investment portfolio large amounts of bonds, or other securities, to the advantage of such bank or financial institution, or to its allies, is an occasional practice, which, when it exists, is definitely harmful to the institution, and this is true whether the company involved be large or small, mutual or stock. This is an era which sees the development of the conviction that institutions of high trust must preserve independence of control from other institutions of a different kind. Security affiliates have been widely divorced from the banks, following realization of the great damage done both to bank and affiliate by the alliance. Apparent or undisclosed existence of bank influence on the directorate can be, when properly used, of great service to the company; but the shadow of undue influence and control lurking in the background must be constantly watched.

Prevent Inter-Company Transactions

"Probably statutes should be enacted to prevent a life insurance company from loaning upon or owning stock of another company unless the investment character of the transaction be clearly established," said Mr. Boone. "In some states where this practice is permissible and has been indulged in, almost without exception such transactions have been unsatisfactory and have resulted in loss."

"Another occasional evil that must be

(CONTINUED ON PAGE 22)

Keenest Interest in Big Problems

American Life Convention Presents a Program of Comprehensive Subjects

BOONE PRESIDING CHIEF

Four Sections Hold Meetings in Addition to the Parent Organization Itself

The American Life Convention, one of the great company organizations of the country, a working association whose annual gatherings occupy a full week, is in the midst of its annual meeting at the Edgewater Beach hotel in Chicago. The pre-convention people arrive on Saturday and Sunday for golf. Monday morning began the meeting of the Legal Section which is the second oldest section of the convention. The Medical Section is the oldest one and holds its annual meeting apart from the American Life Convention annual muster at a different time of the year. The Legal Section meets the first two days. This year R. F. Baird, general counsel of the Lincoln National Life, was chairman and presided over all the sessions. Allan BroSmith, attorney of the Travelers, secretary, was elevated to the chairmanship.

Financial Section Meeting

The only conflict in meetings during the week was that on Tuesday the Legal Section still was meeting and the Financial Section held its meeting at that time. Presiding over the Financial Section was a prominent Canadian official, C. S. MacDonald, president of the Confederation Life of Toronto, one of the leading men of the Dominion. O. J. Lacy, executive vice-president of the Minnesota Mutual Life, the secretary, was elevated to the chairmanship. The

(CONTINUED ON LAST PAGE)

American Life Convention Leaders



DANIEL BOONE, Kansas City
President



BYRON K. ELLIOTT, St. Louis
General Manager

Special Edition Covers American Life Convention

A special edition covering the proceedings of the American Life Convention, meeting in Chicago this week, and its various sections will be issued immediately following the close of the convention and will be sent to all subscribers of The National Underwriter life edition.

Interesting Papers Read at Legal Section Meeting

NEW OFFICERS ELECTED

Chairman—Allan Bro Smith, Travelers.

Secretary—James C. Jones, Jr., Central States Life.

At the annual meeting of the Legal Section of the American Life Convention in Chicago this week, former U. S. Senator O. F. Glenn of Illinois, in speaking at the luncheon Monday said that while he found in both houses of Congress men of strict honesty and good intentions up and down the line he was convinced of the fact that very few measure up to statesmanship ability. They lack knowledge of history and the world affairs. They are not students and do not possess vision. He said there is great need for the citizenship to appreciate this and get better men in legislative bodies.

Senator Glenn feels that some one will lead the United States out of the wilderness but he predicted a long hard pull during the next 10 years. He does not think that prosperity can be brought about through artificial means. He is an advocate of stern economy in governmental and personal expenditures. He is not in sympathy with those that predict a revolution and he does not believe that Roosevelt will be the last president if his program fails. Senator Glenn was introduced by Attorney W. H. Eckert of Chicago, who was formerly chairman of the Legal Section.

R. F. Baird of the Lincoln National, the chairman, presided and Allan Bro-

Smith, Travelers, acted as secretary. Mr. Baird in his preliminary remarks said he approached the morrow with a new hope and confidence. He said it is necessary to have a flexible constitution in order that it be adapted to the new and changing conditions. He referred to the fact that tax legislation is ominously appearing in all legislative bodies because of the necessity of securing more revenue. Company officials, he declared, must be alert to keep taxes on insurance companies within reasonable bounds. He referred to the increased litigation due to fictitious and fraudulent claims made on companies by those who desire to secure funds.

Chairman Baird appointed a committee consisting of B. P. Sears, National Life, U. S. A., chairman; L. A. Stebbins, Central Life of Illinois; W. H. Eckert, Federal Life; E. V. Mitchell, Continental Assurance, and A. S. Lytton to act with the Illinois insurance department in drawing up a bill to present to the Illinois legislature providing for the handling of failed life companies. He said the receivership method is wasteful and destructive. Loss to policyholders can be avoided through more effective machinery. Colorado and New York have passed such laws. He said that there should be uniformity in statutes governing the rehabilitation and conservation of failed companies. The committee did not feel it advisable to draft the bill and hence the chairman suggested that it might be taken up again with greater deliberation and some model act be brought forth.

C. Petrus Peterson's Paper

On the afternoon of the first day, C. Petrus Peterson, Bankers Life of Lincoln, Neb., gave an exhaustive paper on emergency insurance legislation and mortgage moratoria, these being present gripping questions involving more or less constitutional law. S. S. Goldman, Pan-American Life, said that there had been no such legislation in Louisiana. He has been interested in the Texas foreclosure moratorium law. He advises mortgagees to bring suit to foreclose while the moratorium is in effect rather than wait until it is off. He thinks there is greater satisfaction in dealing with statutory moratoria than with a moratorium that is inspired entirely by public opinion.

Mr. Peterson in his paper said the emergency was based on the right of police power to supersede contract rights when public interest is affected in an emergency. The mortgage moratoria situation is more complicated because police power has not been extended through judicial interpretation to cover this field.

Elliott's Review of Decisions

Judge Elliott, general counsel of the American Life Convention, gave a review of the decisions of the year. He said there were 660 decisions reviewed in the American Life legal bulletin.

In a review of legislation and insurance department actions, Ralph Kastner, convention attorney, said that all states with the exception of Mississippi held legislative sessions the past year. Nearly 10,000 state and congressional legislative proposals affecting insurance were reviewed by the convention's legislative bureau, 35 percent of which were deemed of sufficient importance to be followed closely in special legislative bulletins from the St. Louis headquarters.

The puzzling question of how to classify sunstroke was discussed by J. F. Finlay of Finlay & Campbell, Chattanooga, Tenn., law firm, and general counsel Inter-State Life & Accident of that city. After discussing the many

(CONTINUED ON PAGE 21)

Veteran Dead



A. L. HEREFORD

A. L. Hereford of Springfield, Ill., chairman of the board of the Abraham Lincoln Life, died at his home Saturday night. He had not been in the best of health but was at his office regularly. He was one of the founders in 1895 of the old Court of Honor, the Springfield fraternal. As its executive head he built its home office structure. In 1924 the association, which had been operating on a legal reserve basis, changed its name to the Springfield Life with Mr. Hereford as president. It later merged with the Abraham Lincoln Life which now occupies the Springfield Life home office building. Mrs. Hereford and A. L. Hereford, Jr., a son survive, the latter being connected with the actuarial department of the Abraham Lincoln Life.

Mr. Hereford was born on a farm near Secor, Ill., in 1858. In 1878 he graduated from the Union College of Law in Chicago. While preparing for the bar he worked as a reporter for the Chicago "Tribune" and "News." He began the practice of law at Norton, Kan. In 1880 he was nominated on the Democratic ticket for Kansas attorney-general. On returning to Illinois he published the El Paso "Journal," Metamora "Herald" and Mattoon "Star." In 1897 he was appointed Illinois superintendent of printing by Governor Altgeld.

Insurance Law Revision at Missouri Special Session

A revision of Missouri insurance laws, providing for the compulsory registration of life policies and giving the superintendent of insurance the right under court supervision to conduct and operate receiverships and rehabilitate insurance companies were among the subjects included in the program outlined by Governor Park in his call for a special session of the legislature Oct. 17. The call also provides for a revision of the laws governing investments of insurance companies and to permit companies to take advantage of the Home Owners Loan Corporation act.

Among the tax raising measures suggested are an increase in the corporation franchise tax, a general sales tax, a gross sales tax and any other constitutional method for raising revenue.

The recommendations as to the revision of the insurance laws are the result of a request made by Superintendent O'Malley as a result of the collapse of the Missouri State Life. There is now no provision under the Missouri insurance laws for an operating receivership for insurance companies, so that the superintendent must either liquidate embarrassed companies or sell their assets and insurance to some other company.

Huntington Tells Investment Task

Diversification Is First Principle
but Requires Alertness and
Intelligence

ANALYZES QUICK ASSETS

U. S. Securities, Cash, Short Term
Bonds First Line of Defense—Place
Seen for Common Stock

Diversification of investments is the first principle in safe operations, but the problem of diversifying properly and intelligently is complex, as those who heard the address of President R. W. Huntington of the Connecticut General before the American Life Convention Wednesday will attest.

Don't put all of the eggs in one basket, Mr. Huntington advised. What then should be put in the basket? In the first place, because of the cash demand liability, there should be a reasonable amount of assets that can be called quick. There should be a reasonable amount of cash and government bonds as the first line of defense.

Because of the impossibility of obtaining even a small rate of interest on bank deposits today, he expressed the belief that it is better to depend more on government bonds and less on bank deposits than in the past. There is some chance of depreciation in market value of government bonds, but this is a chance that the companies are justified in taking.

Short Term Bonds

Any first-class bond of a municipality, public utility or a steam railroad that has but a short time to run before maturity is ordinarily a quick asset. Lately the demand for bonds of this class has been greater than the supply, they are difficult to get and the yield is low. At a time when the companies are likely to be called upon to realize on their bonds, the demand for long term bonds is likely to be poor and therefore short term securities only may be regarded as quick.

There should be a reasonable amount of long term securities bearing a fixed rate of interest, so that over a period of years, the company may be able to earn the rate of interest called for in its contracts. There must be a diversified portfolio of long term securities. In approaching this problem, Mr. Huntington quoted the analysis made by John R. Hardin of the Mutual Benefit in his paper presented to the Life Presidents Association last year, showing the composition of the portfolios of member companies.

Real Estate Mortgages

Mr. Huntington expressed the belief that real estate mortgages may be decreasing in importance as an investment to be made in the future. The government, he pointed out, has been in the farm loan business for several years and is now entering the business of making the smaller city home loans. "Shall we continue to make loans on the classes of security that the government will finance?" he asked. If government financing results in increasing the supply of small homes, that would be disastrous.

In no way can better diversification be obtained than through a reasonable amount of municipal obligations of cities situated in various sections. In this way the companies become interested

(CONTINUED ON PAGE 21)

Title Through Deed Is Discussed by A. S. Lytton

A number of benefits are to be secured through acquiring title to real estate by deed rather than by foreclosure, A. S. Lytton, of Bull, Lytton & Olson, Chicago attorneys, told the Legal Section of the American Life Convention in meeting in Chicago, discussing the paper of Dexter Hamilton, of general counsel Southwestern Life, on "Acquiring Title through Foreclosure, or Incidents Thereof."

Redemption period is eliminated. Possession is acquired immediately, with current rentals and avoidance of possible waste and deterioration without receivership based on inadequacy of security before sale and a deficiency judgment thereafter.

Many Expenses Avoided

Delays and expense of foreclosure are avoided, including the substantial items of fees to masters in chancery, commissions on sales, publication fees and the charges of receivers and counsel. Mr. Lytton said that these costs, although added to the mortgage debt, nevertheless must be advanced by the mortgagee, and he might never realize on his investment.

On the other side, if the deed is held to constitute a mortgage or extension of mortgage instead of an absolute conveyance, there is the added expense and delay of litigation to determine the true nature and intent of the so-called deed. There is still a mortgage to foreclose and a period of redemption to run. The collection of a deficiency judgment possibly once collectible now may be impossible. If it should be held that the value of the property exceeded the mortgage debt, cancellation of which was consideration for the deed, the deed might be allowed to stand and there might be awarded, in equity, a money judgment against the company for the excess. Mr. Lytton decided that Mr. Hamilton's conclusions were sound.

Debt Repudiation Bill Is Dangerous

Congressional Measure to Permit Municipal Bankruptcies Explained by Esarey

SEE CREDIT IMPAIRMENT

Strong Arguments Against Proposed Act Passed by House of Representatives Are Marshaled

The proposed federal act known as house bill No. 5950, or variously as the Sumner or Wilcox bill, relating to municipal bankruptcy, besides involving great public danger, constitutes a violation of the federal constitution, it was declared by Sol H. Esarey, general counsel United Mutual Life, in an exhaustive analysis of the bill delivered before the Financial Section of the American Life Convention.

"It constitutes a long step toward the utter destruction of the state and takes from the states the unfettered power reserved and guaranteed to them by the federal constitution and which for 144 years has served the country and the people alike with that local government which is so vital to the welfare of all English speaking people," Mr. Esarey said. "Infringement should not be tolerated at this time and the legislation ought to be defeated. We do not want any municipal racketeering."

Provisions of Bill

The bill would authorize any and all municipal or governmental corporations or districts except the state itself to invoke the privilege of filing a petition declaring a condition of being "insolvent or unable to meet its debts as they mature and that creditors representing 30 per cent of the amount of indebtedness have agreed to the proposed plan filed with the petition."

It also provides that any creditor may file a plan provided not less than 10 percent in amount of the creditors join therein, and further that the districts may file such petition without the approval of any creditor.

Mr. Esarey quoted from the report of the standing committee on commercial law and bankruptcy of the American Bar Association delivered at the Grand Rapids convention declaring the policy unwise for government to point the way to evasion or postponement of payment of public obligations for two reasons:

Argument Against Act Cited

(1) That the practice might become a political issue in various localities and, (2) that government should encourage the policy of attempting to meet and discharge financial obligations in time of adversity that have been incurred in prosperity periods.

Mr. Esarey pointed out that there are in this country about 200,000 local governments, the annual cost of whose operation is approximately \$7,000,000,000. These have outstanding bonds in the hands, largely of insurance companies, banks and trust companies, of a total of about \$20,000,000,000. Fraternal societies own over \$500,000,000 and insurance companies, banks, trust companies and other institutions, together with a great many individuals, the balance. It is estimated only about 1,000 of the 200,000 units have bonds in default, either of interest or principal.

Mr. Esarey said there is no question but that state legislation could be enacted sufficient to authorize and compel payment of all municipal obligations as well as state obligations and such laws

Downward 1934 Dividend Scale Revision Expected

Decisions on 1934 dividends have been reached by only a few companies, but the prevailing opinion is that there will be a general downward revision. As was the case last year, maintenance of the previous year's scale will probably be the exception rather than the rule.

General economic improvement in the next two months may have some influence in dividend decisions of companies which customarily decide on their scales later in the year. Possibly some which usually decide earlier may withhold their actions this year in order to have the benefit of the latest information on economic improvement.

Such improvement, however, is likely to play only a small part in

determining dividend schedules. No matter how rosy things look for the next few months, conservative life company officials are not going to believe that business is completely out of the woods until a longer time has elapsed. There seems to be little inclination to bank on future improvement, although everybody hopes for the best. Maintaining a policy of keeping their powder dry, the companies are fortifying themselves against anything short of a complete financial and economic breakdown against which any conceivable preparation would be useless.

Interest Is Big Factor

It is of course the interest factor in the dividend rather than the mortality or expense items which will have the principal effect on 1934 scales. Mortality is about the same as last year.

would redound to the great credit of states and municipalities. Districts which have taken the action empowered under the proposed bill would have great difficulty in future in raising money. Their credit would be badly impaired.

Expenses are perhaps a little lower, although additional expenses in the investment department practically offset the savings in other departments. Compliance with the NRA has caused some additional expense to some companies and has undoubtedly prevented other savings that might have been made.

The writing off of investment losses will play a considerable part in determining 1934 dividends. Conservative practice makes it necessary to show present losses on these defaults, even though they may later be sold at a profit sufficient to offset the loss. For example, property taken over under foreclosure is customarily valued at the amount of the mortgage, plus whatever taxes have been advanced. The overdue interest is charged off. If the loan was made on the usual conservative appraisal, future appreciation in the value of the property should more than take care of any conceivable amount of overdue interest, unless foreclosure were delayed unduly long after interest payments ceased.

To this situation is added the low interest return on high grade investments

(CONTINUED ON PAGE 21)

Robbins Explains Home Loan Plan

Chief Executive Finds Bonds Are Safe Investment for Life Companies

ONE COMPANY A MEMBER

Cedar Rapids Life President Sees New Federal Plan a Fixture in This Country

The Federal Home Loan Bank is a fixture in this country and will function through the years with tremendous value to all the institutions making long time loans on dwelling houses on the amortization plan, President C. B. Robbins of the Cedar Rapids Life declared in his address before the Financial Section of the American Life Convention on "The History and Activities of the Federal Home Loan Bank."

Mr. Robbins does not believe that many life companies will become members of the bank. Their methods of loaning are quite different from building and loan associations and in ordinary times life companies do not borrow extensively. He believes, however, that bonds of the Federal Home Loan Bank will be a safe investment for life companies and these will acquire them in large numbers. The security is excellent and with careful management of the banks under direction of the home loan board in Washington he is sure the bonds will find favor with life companies.

Sees Elimination of Loan Corporation

When the present emergency has disappeared, he said, it appears likely that loans made by the Home Owners Loan Corporation gradually will be taken up by federal building and loan associations and the corporation will cease to function, as there are other governmental emergency relief measures now in force.

Mr. Robbins said the movement to establish the Federal Home Loan Bank originated in the United States Building & Loan League. The act as drawn provided for membership in the bank of building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies and savings banks. It was modeled to a certain extent on the federal reserve system, the United States being divided into 12 districts with a federal home loan bank in each district, but all under direct control of the federal board.

Explains Types of Loans

The regional banks were authorized first to make unsecured loans to non-member borrowers for short time periods not exceeding a year. Such loans are made, however, only from capital paid in by members or by deposits made with the bank by members. Second, to make long time amortized loans to members secured by deposit of home loan mortgages by members in an amount equal to 100 percent of the face of the loan desired and additional pledge on capital stock of such member making the loan.

Colonel Robbins said the process and details of making these loans is long and involved, so he would not go into detail. He said, however, that the permanent lending plan of the bank was to make a long time loan to be amortized quarterly, in about the same proportion as the loans made by such members to their borrowers, and to have as security practically two to one in col-

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ANOTHER LINK

At Chicago in the last week of September the founding of the Life Advertisers' Association added another link—an important one—to the golden chain of inter-company organizations which binds all of us together under the institutional flag of life insurance.

The Life Advertisers' Association takes a worthy place among the following distinctively life insurance associations:—

Life Presidents	Actuarial Society of America
Junior Life Presidents	American Institute of Actuaries
Home Office Life Underwriters	Life Agency Officers
Life Insurance Counsel	National Life Underwriters
Life Insurance Medical Directors	American Life Convention
	Life Office Management

The creative work of the men and women of this new Association directly and intimately touches the welfare of every man and woman in the Field, and is reflective of the character and quality of their respective companies.

THE PENN MUTUAL LIFE INSURANCE CO.

WM. A. LAW, President

Independence Square

Philadelphia

Legal Views on Emergency Policy Restrictions Cited

The legality of last spring's emergency insurance legislation and mortgage moratoria was discussed by C. Petrus Peterson, general counsel Bankers Life of Nebraska, at the meeting of the Legal Section of the American Life Convention in Chicago.

There have always been two schools of thought, said Mr. Peterson, the constitutional limitationists and those who see in the constitution a declaration of principles susceptible to judicial interpretation and modifications to meet varying conditions and emergencies. The emergency legislation this year is based on the relatively modernistic concept that there is a power in government operating under a written constitution which, if called into play, sets at naught specific constitutional limitations and entirely overrides constitutional restriction, said Mr. Peterson.

The constitution provides that no state shall pass a law impairing the obligation of contract which is a result of the chaotic condition preceding the

adoption of the constitution. But later it became necessary to limit the application of the contract clause by recognition of the fact that citizens cannot by contracts between themselves deprive government of the power to legislate for the general welfare. In legal tender cases it was held that the limitation applied to states and not to Congress. It is also well established in the field of public utilities law that private contracts must yield to the legislative policy of the states in regulating rates and services.

Affected with Public Interest

"The basis for extraordinary exercise of the police powers in relation to public utilities," said Mr. Peterson, "is the fact that the public utility is affected with a public interest. Further in the German Alliance Insurance Company vs. Lewis, 233 U. S. 389, the United States Supreme Court determined that the business of insurance like public utilities is a business affected with a

public interest and as such subject to extraordinary police regulations.

"If, then, the contract clause of the federal constitution yields to a legitimate exercise of the police power and if insurance, being a business affected with a public interest, is subject to extraordinary police regulation, the only issue raised by the emergency restrictions on loans and surrender values is whether the restrictions have a reasonable relationship to a legitimate legislative purpose and whether the restrictions themselves, or the power to impose them, were arbitrary in form."

Only Four Suits

Only four suits were reported by 116 companies contesting the cash and loan restriction, none of which reached a decision in a trial court. The fact that millions of policyholders were affected and only four sought judicial relief and none of them actively enough to obtain a judgment, reflects the exceptional understanding on the part of the insurance buying public of the basic elements of the contract, confidence in the integrity of the institution of life insurance. It evidences the results of decades of cooperative effort successfully performed.

The field of mortgage moratoria legislation is complicated and involves

many questions, but it is not one involving a public service, at least there is no judicial decision that now recognizes it. "The field embraces all types of borrowers and all types of lenders," said Mr. Peterson. "The public interest to be served by police power legislation is vague and ill-defined and the relationship between the supposed mischief and the proposed remedy is difficult of apprehension."

For this reason a number of cases have been filed to adjudicate issues of constitutional law arising out of this legislation and one from Minnesota is now before the United States Supreme Court for review. In considering the moratoria legislation it is necessary to determine whether an emergency existed to justify police power legislation. It also must be considered said Mr. Peterson, whether the legislative enactment was of such character as to be free from arbitrariness and to reasonably lend itself to meeting the emergency in the full protection of society during its existence.

Sales Expert Says Agency System Is Being Threatened

Waste of energy and effort, undue dependence on "masses of indifferently trained men with little or no social sense or perspective" in the marketing of life insurance seriously threaten the entire agency system, L. L. Montgomery, New York sales consultant, told members of New York C. L. U.

"The present methods of distributing the services of the life insurance companies cannot go on," Mr. Montgomery declared. "The driving commercial instinct with its bid for profit at all costs is entirely out of place in modern life insurance selling. Unless the professional concept of life underwriting be developed and fostered through the C. L. U. movement I fear the whole agency system will be in danger."

"Other ways of distribution will be found as other ways have been found in different fields. It is well to be prepared to meet the challenge of facts, to face the measure of truth and worth."

"Like all movements that attempt to disturb the existing order and complacency, the C. L. U. movement must run the gauntlet of tradition and prejudice, even from those within its own field of endeavor. Others have broken with the past; they were stirring men to think so that they might arrive at truth—Jesus and Galileo, Newton and Darwin—how they were misrepresented, as are all prophets of new and critical ideas whether in the field of natural science or in the social and economic field."

"The spirit of the chartered life underwriter is the spirit of the future. The future means more to him than the past. He cannot alter the past but the future is his. Otherwise his studies have been in vain. They will have served no purpose. There never was a greater opportunity in life insurance service than there is today. The C. L. U. tradition must be both to serve and sell."

"The two activities must go together; they cannot exist apart. I say to all C. L. U. men, lay fast hold to this thought: without selling there can not be service, and without service there is nothing to sell."

Other speakers were A. G. Borden, second vice-president Equitable Life of New York, and Julian S. Myrick, manager in New York City of the Mutual Life of New York. G. B. Dorr, Equitable of New York, president of the chapter, concluded the meeting.

Bumstead Agency Leads South

BILOXI, MISS., Oct. 12.—At the Equitable Life of New York's Agency conference here it was announced that the New Orleans office in charge of Manager John Bumstead led the southern agencies of the company in new business the past year.



The Unusual Growth

of any organization lies in the fact that its management must be in the hands of men of unquestioned ability with faith in the future and the power to achieve results.

The record of progress of THE GREAT AMERICAN LIFE INSURANCE COMPANY during the last three years more than justifies the pride of our agents in representing this strong, young company.

Capital and Surplus now in excess of \$500,000.00.

Attractive Agency contracts available in Texas, Colorado, Louisiana, Idaho, and North Dakota.

THE GREAT AMERICAN LIFE INSURANCE CO.

Chas. E. Becker, President

Old Line

Legal Reserve

HOME OFFICE: SAN ANTONIO, TEXAS

Urges Definite Rule Be Devised

Attorney F. E. Spain of Birmingham Comments on Mysterious Disappearance Cases

SHOULD BE UNIFORMITY

Suggests That a Provision Be Inserted in the Policy to Remove All Doubt

Frank E. Spain of Birmingham, a member of the law firm of Coleman, Spain, Stewart & Davies, gave a paper before the legal section of the American Life Convention this week on "Mysterious Disappearances."

First, there was a presumption of death after seven years absence assumed. It was a rule or yardstick for determining the rights of those remaining in respect of those absent. This, however, has been more or less disregarded. He said the need for a rule is not to find a substitute for probable facts. Experience has shown that the rule does not usually accord with the facts. The rule is needed for uniformity. He said there is need for a definite and ascertainable standard by which to guide the conduct of companies, ascertain their rights and measure their liabilities. Mr. Spain says that he does not think this can be obtained through the courts. The hopeless and irreconcilable conflict of judicial decisions answers the question.

Insurance Companies Should Act

In conclusion he said as follows: "If the insurance companies want to remove the doubt and uncertainty surrounding their liability in mysterious disappearance cases, they must do it themselves. The time to do it is when the policy is written. The place is in the contract itself. Let the contract provide a definite standard for all cases, so that every mysterious disappearance will be measured by the same rule. Let it remove the doubt and uncertainty concerning the period before the death will be presumed. Let it say as of what time it will be computed. Let it require immediate notice to the company when John Doe disappears, so the trail may be taken up while it is fresh. Let the policy say what premiums are to be paid after disappearance. Finally, let it require a bond to be given, so if John Doe reappear, the company will be reimbursed."

Provision is Suggested

"All this can be accomplished by one sentence: 'If the insured shall disappear and not be again heard of in this life, the company's liability hereunder to pay for the death of the insured shall not arise until seven years after the insured's disappearance shall have been certified to the company in writing, and shall not then arise unless (a) all premiums have been paid as herein provided keeping this policy in force until said seven years have elapsed, and (b) the death of the insured shall be shown by competent evidence or legal presumption to have then occurred, and (c) the beneficiary or person to whom payment is due shall give bond conditioned to refund said payment to the company if the insured shall reappear.'"

"Such a contractual provision could not be ignored by the courts. It will be said that the number of the disappearance cases is not sufficient to warrant a separate treatment in the policy."

(CONTINUED ON PAGE 21)

Have you life insurance

—to cover the mortgage on your house so that your wife and children will not have to pay it if you do not live long enough to clear the debt yourself?

—to give your family an income or to help put your children through college, if you should not be here to do it?

—to provide for your old age should you be forced to retire from business or suffer losses on property or other investments?

—to cover inheritance taxes? If you haven't an estate on which to pay an inheritance tax, have you a life insurance estate which you can leave clear and free from such taxes?

If you are protected against these contingencies, your mind is free from worry; you have made yourself and your family secure. You are financially independent.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

Some High Points in Addresses at the American Life Convention

Proper diversification of investments, President R. W. Huntington of the Connecticut General Life declared in his address before the American Life Convention, is attained only by unremitting attention and by taking advantage of opportunities as they appear. Diversification is a first principle of safety, but the utmost intelligence and possession of a broad knowledge of political economics and statistics is required. Diversification, he said, is necessary in order to provide quick assets, because of the unequal incidence of hard times on the various standard businesses, because new inventions and developments may make a standard product obsolete, because of legislation that may be directed against an industry.

C. F. Williams Recommendations

C. F. Williams, president Western & Southern Life, in a paper which was read to the Industrial Section, recommended the signing of an agreement among industrial companies not to hire ex-agents of one another. He said the

transients are a burden upon the business. They drift from one company to another, leaving grief in their wake. They are disturbers to the organization and if they are not actually dishonest, they are likely to be unethical.

A broad picture of the agricultural situation was presented by Gerard S. Nollen, president of the Bankers Life of Iowa, in his talk on "Farm Mortgages as a Life Insurance Company Investment." He pointed out the basic soundness of the farm mortgage loan because of the permanency of the market and the comparatively small depreciation and obsolescence involved.

In reviewing the farm price situation, Mr. Nollen said that the federal price control program is the only logical solution to the problem. He said that enough has been accomplished so far and the future is bright enough to justify the basic soundness of farm mortgage loans.

The gratifying results accomplished by a complete salaried inspection service of the Sun Life of Baltimore were re-

lated by S. Z. Rothschild, vice-president and actuary, before the Industrial Section. An inspector is assigned to approximately 22 agents and through the inspectors' activities mortality has been decreased and higher standards established among the agents.

Elliott Reviews Changes

B. K. Elliott, manager and general counsel, in his annual report said probably never in the 28 years of life of the A. L. C. have so many great changes taken place as those now in process, but life insurance has established a record performance and is closing its fourth year of unflinching service in time of great stress. The business is unified as a result of a common basis of operation; individual units as a rule being more homogeneous than those in any other business.

Federal vs. State Supervision

Doubt was cast by U. S. Brandt, president Ohio State Life, on the proposition often heard advanced that federal supervision of insurance might be more efficient. Mr. Brandt discussed "Federal vs. State Supervision of Insurance." He commended state insurance departments generally. There is grave question whether the possible uniformity in supervision through a central agency

might not largely be offset by confusion in laws that might follow such a change, he said.

J. F. Maine, superintendent of industrial agencies of the London Life of London, Ont., spoke before the Industrial Section of the American Life Convention, dwelling largely on the selection and training of industrial agents. He recommended a pre-employment training course to determine a man's fitness. During the second week of training, the agent, he thinks, should spend at least eight hours in the field canvassing with a competent superintendent and an equal amount of time canvassing by himself. The training course, he said, serves to weed out any undesirables.

U. S. Supreme Court to Pass on Sunstroke Accident Case

Members of the Legal Section of the American Life Convention meeting in Chicago this week will be deeply interested in the action of the United States Supreme Court this week in agreeing to hear a sunstroke case.

Thomas L. Landress carried two life policies of \$10,000 and \$5,000, respectively, with double indemnity. He was playing golf Aug. 5, 1930, and suffered sunstroke. The companies paid the \$10,000 and \$5,000, but refused the demand of the beneficiary, Florence S. Landress, for double indemnity on the ground that sunstroke is not an accident.

Suit was brought and the federal court at Chattanooga upheld the companies, its decision being affirmed by the sixth circuit court of appeals, which declared that the death of the policyholder was due to his voluntary conduct.

The petition before the United States Supreme Court was on a writ of certiorari brought by the beneficiary. The companies' attorneys anticipated that the United States Supreme Court might decide that the lower courts had successfully dealt with the subject and would refuse to review the case. Evidently the highest tribunal feels that there has been conflict of jurisdictions and some confusion in the decisions, and therefore it was justified in taking up this case and clarifying the issue.

One of the main papers read at the Legal Section meeting was by J. F. Finlay of Chattanooga, general counsel Inter-State Life & Accident, who discussed at length various angles applied to the issue of sunstroke death being termed an accident. Associate Counsel S. B. Seabee of the Midland Life of Kansas City was the discussant.

Nebraska Institute Elects

OMAHA, Oct. 12.—H. L. Schwenker, vice-president and actuary Lincoln Liberty Life, was chosen president of the Insurance Institute of Nebraska, at its October meeting. Miss Irene Good of Omaha was named secretary. E. Forest Estes, associate actuary Bankers Life of Nebraska, presented an analysis of current demands for life annuities and the resulting need for new interpretation of present mortality tables to evaluate the company's liability properly.

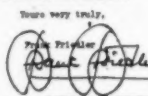
Ohio State Life Statement

The semi-annual statement of the Ohio State Life shows assets \$13,072,525 of which \$260,845 is cash, \$2,426,559 bonds, \$7,176,664 mortgage loans, \$608,773 real estate acquired through foreclosure, \$3,161,499 policy loans. The capital is \$500,000 and net surplus \$1,277,804. The new paid for business the first half year is about the same as the corresponding period of 1931. The renewal premiums for the first six months are just about the same as for the similar period of last year.

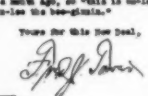
The home office of the Universal Life & Accident Association is being removed from Tulsa to Oklahoma City.

SOME OF THE MANY LETTERS WE HAVE RECEIVED ON OUR NEW AND EFFECTIVE PLANNED ESTATE IDEA -

This application for \$5,000 was obtained as a direct result of a Planned Estate approach and I feel sure that we can deliver the \$5,000 policy. We believe here that the Planned Estate is the best selling aid that we have in the office today. I think that it is the most wonderful selling tool that I have ever had since I have been in the business, as it fits right in with the way I like to sell life insurance.

Yours very truly,

 Frank P. Fisher

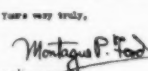
I want to express my enthusiastic appreciation of the Planned Estate Approach. Numerous clients that would not have been sold otherwise are now being sold as a result of this approach. I am finding it a splendid approach, whether in cold-calling or in follow-up of cases which had grown stale under the usual methods of cold-calling. As just closing a \$10,000 case that had apparently gone dead under old methods. But I only began it a month ago, so this is no mere bragging, I think, as you can see the results.

Yours for this New Deal,

 J. H. Jones

My experience with the Planned Estate idea as an aid in our "Client-Builder" program has been valuable. I am convinced that it is the best approach to use when calling upon a prospect who I believe carries a good-sized line of life insurance. In most cases I find it holds their attention on the first call. The outcome of the call depends, of course, on the situation as it develops in each individual case.

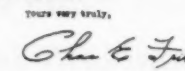
I have a copy of the Planned Estate after my prospect has become a client. On my re-calls for future additional business I will have something definite to talk about, which is, completing his own plan. So he becomes a real client because we are working out together the completion of the estate which we have planned together, and I do not believe anyone will be able to come between us to secure his business.

I believe the idea can be developed and used in the approach or closing and in keeping my clients, and so to me individually it is an important part in my "Client-Builder" program.

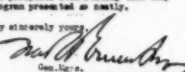
Yours very truly,

 Montague P. Ford

I want to express my appreciation for this Planned Estate idea. For I think it is the very finest line of approach I ever saw. I am using it in all of my presentations now, and it is giving me success in the \$50,000 case just closed by this Planned Estate presentation alone.

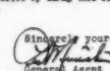
I am sure with the thought that you do not know the value of "Planned Estate" until you have worked out your own estate and the answer this is done the more you will know the true worth of this plan. Once I have done this, I am much more confident with its presentation and can make the presentation in a much easier and convincing manner.

Yours very truly,

 Charles E. Fisher

Our local men are all using the Planned Estate method of selling. The consensus of opinion is that it gives a splendid introduction and arouses the curiosity of the prospect, the prospects even stating that they have never had a program presented so neatly.

Very sincerely yours,

 J. H. Jones

The thing of greatest importance of the "Planned Estate" is that at no time in the past has the prospective buyer of insurance received such a clear picture of what he is actually buying. I have personally sold three Family Income policies amounting \$48,000.00 by using this set-up. I think it's a knockout.

Sincerely yours,

 J. H. Jones
 General Agent

HOME LIFE INSURANCE COMPANY

256 BROADWAY, NEW YORK, N.Y.

ETHELBERT I. LOW
Chairman of the Board

On Agency Matters Address
CECIL C. FULTON, JR.
Superintendent of Agencies

JAMES A. FULTON
President

Connecticut Mutual Reduces Dividend and Interest Scales

STATEMENT BY PRESIDENT

Demands of Sound Management Dictated Anticipation of Results During 1934, Loomis Says

The Connecticut Mutual contemplates new dividend and interest scales for 1934. The proposed dividend scale represents an average reduction of about 25 percent as compared with the 1933 scale. The 1934 interest rate to be allowed on interest income settlements, accumulating dividends and advance premium deposits is to be 4.4 percent, contrasted with the 1933 scale of 4.6 percent.

President Loomis states that mortality experience for the first nine months is 59 percent of expected, or slightly more favorable than for the corresponding period last year but somewhat above the normal for a two or three year period.

Disability Loss Heavier

Disability losses also have been heavier for two years, he said, the condition of the times being partly responsible. Any material improvement in business conditions should bring more favorable results in the underwriting department, thereby improving earnings, he said.

"There has been apparent a trend toward a lower interest return in general on the best securities," Mr. Loomis said. "The investment of the company's increased premium receipts, entirely confined to issues of the highest quality, is being made on a basis yielding a relatively low return." He said \$7,595,000 invested in bonds during the first nine months of the year has been placed at an effective rate of 3.73 percent. Security of principal, he said, is essential.

Give Details of Liquidity

"Recent experiences have clearly demonstrated the necessity of a sufficient degree of liquidity to protect in any event the large demand obligations against us in the hands of our membership. On Sept. 1, 1931, cash and U. S. government bonds together represented 3.58 percent of ledger assets. On Sept. 1, 1932, the percentage had risen to 5.68. On March 1, 1933, it was 7.65 percent; and on Sept. 1, 1933, 9.38 percent.

"The maintenance of this position, particularly since recent legislation, which removes all allowance of interest from demand bank balances, places a considerable charge upon investment income. We desire to retain a substantial portion of the company's surplus earnings for the purpose of absorbing capital losses as they may accrue, and to increase surplus and other reserves wherever it seems necessary to do so.

"These are the important factors influencing current earnings for dividends to policyholders, and the company's board of directors has considered it the part of wisdom at the present time to anticipate the conservative action above referred to, bearing in mind that security must be made even more certain during times that are uncertain."

Ostrander Forms Concerns

W. H. Ostrander of Chicago, who has promoted various now defunct assessment and Lloyds organizations in that city, has organized two new assessment associations with headquarters at Pierre, S. D., the Pioneer Life Association and the Business Men's Protective Association, to write life policies and sick benefits.

DYNAMIC SHORT COURSE

Designed to put a new man into production upon a service basis at end of three days. Price \$3.00 cash with order. (Full refund if complete plans are followed and you are not satisfied.)

Insurance R & R Service
Indianapolis, Indiana

New Business Gains Are Reported for September

The division of the Jefferson Standard Life including Texas, Oklahoma and Colorado in charge of Superintendent of Agencies H. T. Childre of Dallas shows new business for the first nine months \$8,744,610, a gain over last year of \$575,656. The September business is \$1,242,954, a gain of \$584,400 over September of last year.

* * *

Gleaning the idea for a one-day production drive from THE NATIONAL UNDERWRITER, Manager F. W. Atkinson of the Minnesota branch of the Great West Life staged a one day campaign with only three days notice to his agents which produced \$121,750 in paid business, represented by 47 applications from 27 out of 55 full time men.

* * *

The Penn Mutual's paid business in September gained 13½ percent over September, 1932, making the fifth successive monthly plus sign this year.

* * *

New paid business of the American Central Life in September was the best in volume since June, 1932, and was 53 percent more than August, 1933, and 39 percent better than September, 1932. September was also one of the largest months for single premium annuity sales. The number of single premium immediate annuity contracts paid for during the year to date has already exceeded the total for the whole year 1932.

* * *

The Southwestern Life increased its September business 17 percent over September, 1932. The number of policies issued in September was the largest in the Southwestern's history.

* * *

The J. C. Benson agency of the Union Central Life in Kansas City, Mo., wrote 15 percent more and paid for 10 percent more business in September than a year ago. Applications increased 35 percent in September.

* * *

The V. W. Wiedemann agency in Kansas City, Mo. of the Sun Life of Canada paid for 100 percent more business in September, 1933, than a year ago.

* * *

The Missouri branch of the Business Men's Assurance under R. J. Costigan did more business in the first week of October this year than in the entire month a year ago.

* * *

The Great-West Life reports an increase in both the number and amount of applications in September as compared with last year. The increase is fairly general over the territory, nearly all branches participating.

* * *

Will O. Ferguson, Los Angeles, general agent Penn Mutual Life, reports that September new business was 28 percent more than in September, 1932. The year to date shows a gain of \$500,000.

* * *

New business written by the Pacific Mutual Life in September increased 31.7 percent.

* * *

September paid-for business of the Lamar Life was, except in 1925, the best for September in its 27 years. Production was 119 percent over the August figures.

* * *

The Bankers Life of Nebraska reports increases every month since May in comparison to corresponding months a year ago. In May the increase in new paid business was 14 percent; in June it equalled a year ago; in July, 22 percent; August, 16 percent, and September, 15 percent.

RESULTS

SHOUT!

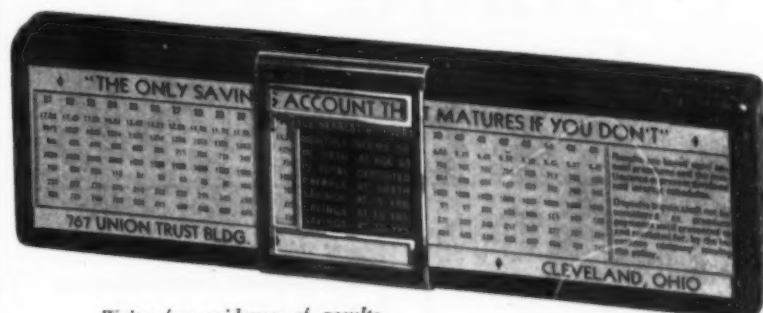
The "Dime-a-Day" Sales Plan is writing policies!

THE now-famous "SLIDE" Pocket Bank ("Slide O-Thrift") continues to close cases all over the country! SIMPLE! EFFECTIVE!—the answer to the Insurance man's prayer for "something" that will increase premiums with less effort!

The "dime-a-day" Sales Plan—(the letter and "Slide-O-Thrift" pocket bank), is producing record results every day for many Life Underwriters throughout the United States—whose re-orders in increasing volume attest to that fact.

* * *

The "Dime-a-day" letter opens the door to new business, and "SLIDE-O-Thrift" closes the cases!



Write for evidence of results being obtained by leading Life Underwriters everywhere.

SEND \$1.00 FOR SAMPLE BANK AND FULL INSTRUCTIONS

THRIFT MANUFACTURING COMPANY (Successors to RELIANCE SALES PLANS CO.)
835 Howard Street, San Francisco, California.

THRIFT MANUFACTURING COMPANY

(Successors to Reliance Sales Plans Co.)

835 Howard Street,
San Francisco, California.

Name

Address

City

Company

Canada Life Assets United States Branch

For the protection of its United States Policyholders and Beneficiaries, the Canada Life holds on deposit in trust, with trustees in the United States, assets in excess of the reserve required to cover all liabilities to United States Policyholders and Beneficiaries. No security placed in this trust can be released without the consent of the Commissioner of Insurance for the State where our Chief Office in the United States is located.

It is today generally recognized that a broad distribution of the investments which underlie a life assurance company's contracts is essential to its basic security.

Policyholders of the Canada Life have such security.

The assets for protection of United States policyholders are distributed as follows:

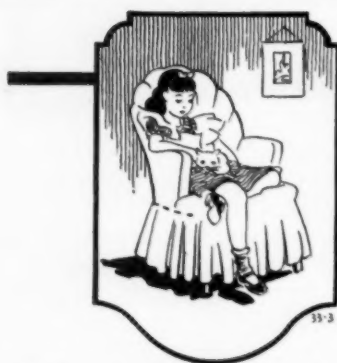
	Percentage Ledger Assets
Cash, Government, Government Guaranteed and Municipal Bonds.....	28.29
Public Utility Bonds.....	34.24
Railway Bonds.....	2.25
Other Corporation Bonds.....	1.94
Preferred Stocks.....	8.07
Loans on Real Estate.....	9.60
Loans to Policyholders.....	15.61
	100.00%

as at Dec. 31, 1932

Company's Total Assets Over \$216,500,000

Canada Life Assurance Company

Established 1847



*Insurance for
Children...*

ALL FORMS - AGES 0 TO 15

Liberty National Life Insurance Co.
BIRMINGHAM, ALABAMA

Send 9 cents in stamps for sample copy of
THE ACCIDENT & HEALTH REVIEW

The only exclusive accident and health paper published.
It gives ideas and suggestions that help you sell income protection insurance.
Address your inquiry to A-1946, Insurance Exchange, Chicago

Actuaries to Review Many Subjects at Joint Meeting

The program has been announced for the joint meeting of the Actuarial Society of America and the American Institute of Actuaries in Chicago Oct. 18-20. The American Institute will hold a meeting on Oct. 18 with F. B. Mead, Lincoln National Life, making his presidential report. In the afternoon the Actuarial Society will hold an exclusive meeting with President J. S. Thompson, Mutual Benefit Life, reporting. A discussion of previous papers and miscellaneous business will be taken up.

The remainder of the program will be devoted to joint sessions, Thursday with President Thompson of the Actuarial Society presiding; a report of the joint examination committee will be given by J. G. Parker, Imperial Life, and the aviation committee's report will be presented by J. E. Hoskins, Travelers. Arthur Coburn, North American Reassurance, will report for the committee on cash surrender values. An informal discussion and presentation of papers not on the formal program will conclude the session.

Papers to Be Presented

On Oct. 20, President Mead of the American Institute will preside and the following papers will be given: "Interpolation Formulas in Terms of Function-Values Rather Than Differences," J. F. Reilly of the University of Iowa; "Actuarial Note: Payment of Reserve in Addition to Face Amount as a Death Benefit," E. L. Marshall, Lafayette Life; "Valuation of General Accidental Death Benefits," H. L. Feay, New York insurance department; "Mortality Experience under Extended Term and Paid-up Provisions and a General Method of Obtaining Mortality Experience after a Change in the Status of a Policy," J. S. Elston, Travelers; "Note on Bond Yields: Actuarial Note," Henry Bossert, Jr., Provident Mutual Life; "Company Mortality Investigations in Theory and Practice," E. B. Whittaker; "Monthly Disability Termination Rates for Quinquennial Ages Corresponding to Published Class (3) Rates: Actuarial Note," W. A. Thompson; "Comments on Medical Impairment Ratings," Arthur Hunter, New York Life; "Unemployment Reserves," Gilbert W. Fitzhugh, Metropolitan Life; "Contingency Reserves for Life Annuities," K. B. Piper, and "Indices of Cost and Value as an Aid to Agency Management," W. A. Jenkins, Lincoln National Life.

Many Subjects for Discussion

In an informal discussion dividend prospects for 1934 will be considered, and the question of whether the companies are justified in allowing agents to continue using dividend illustrations based upon present dividend scales will be brought up. The actuaries will also consider whether the interest rate used in dividend formulas should differ for premium paying policies, paid-up policies, dividend accumulations and optional settlement funds.

The results of the various substitution or replacement programs adopted by some companies and what changes these programs have found advisable will be reviewed.

Changes in general agency systems in granting expense allowances which have been made to meet prevailing conditions, will be up for discussion.

Raise Annuity Questions

In the discussion of annuities the question of what mortality table and rate of interest should be used on the basis of the valuation of life annuities issued during 1933 will be considered with particular reference to those used in the increased premium rates. The question of whether the experience on annuities

under policy settlement options justifies a basis of rates different from those used for original annuities will also be reviewed.

The probable future of family income juvenile policies and modified premium forms in regard to persistency and popularity will be discussed.

Effect of NRA to Be Considered

Effect of the National Recovery Act and the Home Owners Loan Corporation on life companies' securities and relations with policyholders will be considered. The mortality experience for 1933 and any noteworthy changes in the cause of death in the last few years will be discussed. On the relation to cash and surrender values and loans the following questions will be raised: What has been the recent trend as to requests for cash surrender values and loans? What has been the effect of the holiday on the public's general attitude? To what extent are companies permitting the holder of a life insurance policy or annuity to apply the cash surrender value to optional modes of settlement usually available only at maturity? Is the payment of cash values in installments a practical plan? What adjustments should be made in handling the cash surrender value question in the future?

The effect on underwriting of the repeal of the 18th amendment and whether pre-prohibition rules should be modified will also be discussed.

Acacia Mutual Is Chosen as 1933 Direct Mail Leader

The selection of the Acacia Mutual Life as one of the direct mail leaders for 1933 has been announced. The award was made because of the results being achieved by its "Assistant Salesman" mail advertising plan, which was chosen to be one of the 50 winning exhibits in the 1933 direct mail leaders exhibit from United States and Canada shown at the world's fair convention of the Direct Mail Advertising Association in Chicago. It is the second time that Acacia has achieved this distinction, the first being in 1931.

The "Assistant Salesman" is a complete mail advertising campaign, built to help agents prepare their prospects in advance of each interview, and to continue the contact between calls until the sale is made or the prospect eliminated.

J. A. Kleinheinz, district manager Equitable Life, Green Bay, Wis., and Miss Ruth Olive Gerard of Lincoln, Ill., were married at Lincoln. Erhard Kleinheinz, brother of the groom and district manager for the Equitable at Marshfield, Wis., was best man.

Big Insurance Week in New York City Dec. 5-8

The winter meeting of the National Convention of Insurance Commissioners will be held at the Hotel Pennsylvania, New York City, Dec. 5-8. During the same days the Association of Life Insurance Counsel will meet at the Waldorf-Astoria in New York. F. V. Keesling, vice-president West Coast Life of San Francisco, who is slated to be elected president of the American Life Convention this week, is president of the legal body. The Life Presidents Association will meet at the Waldorf-Astoria, Dec. 7-8.

Hull of National Association in Appeal for Sound Money

LETTER TO LOCAL GROUPS

Organizations Are Urged to Press Their Congressmen for Stand Against Debasement of Currency

NEW YORK, Oct. 12.—In line with the resolution adopted by the National Association of Life Underwriters at Chicago, Managing Director R. B. Hull has sent to all local associations a letter urging every member to communicate with his senators and representatives in Congress protesting against any debasement of the currency.

Excerpts from Letter

"Let your expression go, not only to the President and Secretary of the Treasury, but to your Senators and Congressmen," Mr. Hull wrote. "Don't let any single member of your association assume the attitude of letting the other fellow discharge this obligation for him. Your congressmen and senators may be the very ones who will count most effectively in the 'show-down' on this question. If they are on the side of inflation, let them know where you stand. If they are on the side of sound money, strengthen their hands by giving them a perfect avalanche of support. Also, let every agent urge his policyholders to act. This is even more vital to them."

"A speech was made at the Friday morning session by Col. Frank Knox, editor and publisher of the Chicago 'Daily News,' which will be put in pamphlet form at the earliest possible moment and a copy placed in your hands. It will help you understand the significance of this movement. In the meantime, however, act in your association and let us know what you do."

German Baptists Life Dividend

The German Baptists Life of Buffalo, N. Y., has announced to its policyholders that a larger surplus than ever is returned to them. Due to its excellent financial standing the directors have declared a double dividend to all who have been identified with the company two or more years. This is an unusual experience among fraternal companies. Secretary F. W. Godtfriing states that owing to the low death rate interest earnings from safe and sound investments and economy in management, the German Baptists Life is able to declare this double dividend.

J. Elliott Hall Analyzes Some of Present Day Agents' Needs

NEW YORK, Oct. 12.—Life insurance agents don't need new sales talks and selling methods, but they need to become more prospect-conscious and application-conscious, J. Elliott Hall, general agent Penn Mutual Life in New York City, told members of the New York City Life Underwriters Association. The troubles besetting the veteran agent today, Mr. Hall said, are largely due to the fact that he is not doing the things which he did when he started in the business, particularly getting a large list of carefully selected prospects.

Results of 15-Year Survey

Mr. Hall gave the results of a 15-year survey of his agency, which indicated that many of the able producers of the pre-depression period had not done so well as the newer men in the last few years. Much time is likely to be lost in service calls, the speaker said. Such calls should be relegated to the late afternoon hours if it is not possible to handle them in the evening, he said, and in any event they should be made to yield the fullest possible harvest of prospects. This should not be difficult,

Acceptance of Real Estate Deed Demands Great Care

COUNSEL GIVES GOOD ADVICE

Dexter Hamilton Interprets Legal Rulings to Legal Section Meeting of A. L. C. in Chicago

Life companies often find it highly desirable to take a deed rather than pursue any method of foreclosure on real estate, and the debtor, especially in recent years, frequently desires to make settlement this way, Dexter Hamilton, of general counsel Southwestern Life, Dallas, stated in his address before the Legal Section of the American Life Convention meeting in Chicago.

Where a deed is accepted in satisfaction of a debt and notes are surrendered and mortgage canceled, no question is likely to arise as to the validity of the deeded conveyance of title, and this is especially true when possession is surrendered.

Great Care Is Required

However, Mr. Hamilton said the highest degree of precaution in taking a deed would suggest at least the following procedure:

(1) Unequivocal recitals in the deed rendering it an absolute conveyance, with at least a special warranty.

(2) Contemporaneous release of the mortgage or deed of trust and cancellation and delivery of the note to the grantor.

(3) An estoppel affidavit taken explicitly reciting voluntary execution of the deed for the purpose of satisfying the indebtedness and that the instrument is intended to operate as a conveyance and not as security for any debt.

Tells When to Foreclose

If the ascertained value of the security discloses it to be substantially worth more than the amount of the debt, a deed should not be accepted but recourse to foreclosure should be had.

In other words Mr. Hamilton said, when a deed is taken in lieu of foreclosure under any circumstances, it should be with every reasonable assurance that it disposes of the equity of redemptions and cuts off every reasonable claim that the deed is other than what it purports to be.

Canadian President's Impressions

Of all the many impressions gained throughout the four day National Convention at Chicago, the one which struck me as the most vital was the importance of *enthusiasm* in achieving success in anything.

Each big producer who spoke—many of whom had *increased* their production during the past four years—appeared to be, and insisted that he was, just an average agent of average ability who loved his work and had *enthusiasm* for saving children from want, women from hardship, and old men from dependence.

Prospecting is necessary; knowledge is necessary; time-control is necessary; planning the interview is necessary; hard work is necessary today more than ever before; but all of them, without the burning, contagious, transforming power of *enthusiasm* avail us nothing.

My experience at the National Convention convinced me that systems, plans, ideas, methods of approach, of conducting the interview, of closing the sale, were all insignificant compared to the primary basic fundamental importance of *enthusiasm* in and love of our work.

Enthusiasm replaces worry and inactivity with *indomitable* action, turns contacts into contracts, and conquers depressions.

Impressions gathered by G. Raymond Smith, C.L.U. President of the Life Underwriters' Association of Canada.

THE GREAT-WEST LIFE ASSURANCE COMPANY

HEAD OFFICE WINNIPEG - CANADA

Connecticut Mutual Names Three in Agency Department

E. H. NORENE IS APPOINTED

Fidelity Mutual Man Resigns to Become Assistant Agency Superintendent—Smith, Andersen Promoted

The Connecticut Mutual has made three important changes in the agency department. E. H. Norene, formerly supervisor of agencies for the Fidelity Mutual, becomes assistant superintendent of agencies. George F. B. Smith is promoted to a similar office, and E. C. Andersen becomes educational director. Messrs. Smith and Andersen have been agency assistants for some time.

Mr. Norene was born in Portland, Ore., and attended Willamette University at Salem, Ore. He started in life insurance as a clerk in a west coast office of the New York Life. After war service he became a life insurance agent. Then, after a brief experience in teaching, he became an agency organizer for the New York Life in Portland, Seattle and Chicago. Mr. Norene became associated with V. B. Coffin, in the agency department of the Penn Mutual, then went with the Fidelity Mutual as supervisor of agencies.

Had Charge of Big Unit

While in Seattle, Mr. Norene was in charge of 130 agents who consistently paid for more than \$1,000,000 a month for over two and a half years. He opened in Seattle the first school for managers and general agents held by the Life Insurance Sales Research Bureau of Hartford. He is a former secretary and president of the General Agents & Managers Association of Seattle.

Mr. Smith, who was born in Detroit, is a graduate of Amherst College. He entered the Pittsburgh agency of the Connecticut Mutual, becoming a supervisor and finally personnel director. He had extensive experience in training and instructing new agents, as well as in writing life insurance trust agreements in cooperation with banks.

In January, 1930, he went to the home office as agency assistant, devoting his time to recruiting, training and organization development.

Andersen Skilled Educator

Mr. Andersen entered the home office upon graduation from Trinity College in 1922, and for several years has been closely identified with field and service angles of various phases of selling. He was made agency assistant in September, 1929, and has been in close contact with educational and sales training activities.

The agency department now is composed of H. M. Holderness, vice-president in charge of agencies; V. B. Coffin, superintendent of agencies; F. O. Lyter, Messrs. Smith, Norene and Andersen; R. W. Simpkin and D. H. Morrill, agency assistants. Associated with the department is K. H. Mathus, editor of publications, in charge of sales promotion activities.

Missouri State Ruling Clarified

Insurance Superintendent O'Malley of Missouri recently sent out a strong ukase prohibiting companies from twisting business of the Missouri State Life, declaring that he would revoke the license of any company operating in the state if it were proven guilty of twisting this business. The question arose as to whether this applied to accident and health insurance as well as life. Superintendent O'Malley declares that the order is intended to cover all business written by the company.

R. E. Cox, president Financial Times Printing Company, Montreal, has been elected a director of the National Life of Canada, Toronto.

Inspection Service of Sun Life Is Effective

The result of building up of its own complete salaried inspection service by the Sun Life of Baltimore were discussed by S. Z. Rothschild, vice-president and actuary at the meeting of the Industrial Section of the American Life Convention in Chicago.

The primary duty of the inspector is to investigate and transmit to the company a report for underwriting purposes on every applicant for either industrial or ordinary submitted by industrial agents. In industrial cases the inspector is required to personally see every applicant and if the person's physical condition is doubtful a medical examination is required.

Check Misrepresentations

Gross misrepresentations by agents as to the provisions of the policy are checked as well as possible misunderstanding of the applicant as to what kind of contract he has signed, cases which may have been previously rejected or postponed, cases of lapsed business which may be rewritten as new, cases of business written to replace business in force in other companies thus preventing switching, revival applications, etc. Inspectors also check up past records of agents, clarify dubious death claims, names of beneficiaries, investigate unusually heavy lapses of old business, make reports on disability claims and continuance of disability, disappearance cases, etc.

Secures Inspectors Outside

The Sun Life does not take inspectors from its own agency force but employs them from the outside. Each inspector covers a particular geographical territory with an automobile and is not permitted to sell insurance. One inspector is employed for about 23 agents who on a rough average complete about 125 industrial and 10 ordinary applications a week. The company feels that the cost of inspection service is covered by reduced mortality as rejections have increased about 6 percent and the standards of the agents raised.

There is always a group of chronic lapses among the industrial prospects but through the inspectors becoming acquainted with this group agents are diverted a better quality of business. The effect on collections is shown by a 98 percent record so far in 1933.

Full Program Is Announced for Industrial Conference

GORDON, McCLAIN TO SPEAK

Craig, Johnson, Kendall, Lathrop, Langley and Archer on List from Conference Ranks

The completed program for the annual meeting of the Industrial Insurers Conference, to be held at French Lick, Ind., Oct. 16-18 was announced this week as follows:

Monday, Oct. 16

Address of welcome, H. N. Lukins, general counsel Washington National. Response, P. M. Estes, general counsel Life & Casualty.

President's Address, E. T. Burr. Committee Reports: Creditentials, J. A. Walker; good of the conference, B. L. Tatman; grievance, F. J. Walker; membership, B. H. Handy; golf, Raymond Daniel.

Report of treasurer, P. W. Jones. Address, H. E. McClain, Indiana commissioner of insurance.

Address, "Some of the Problems of a General Counsel," Mark Archer, general counsel Empire Life & Accident.

Address, "The New Deal for Industrial Agents," C. M. Biscay, Western & Southern Life.

Tuesday, Oct. 17

Report of executive committee, R. H. Dobbs, chairman. Executive session (limited to company officials).

Report of statistical committee, R. A. Halley.

Round Table Discussions: "Agencies and the Ethics That Should Control," introduced by C. A. Craig, chairman National Life & Accident.

"Experience With New Forms of Coverage," introduced by A. D. Johnson, secretary United Insurance Company.

"Claims," introduced by Curtis P. Kendall, vice-president Washington National.

"Limits and Selection of Industrial Life Risks," introduced by W. R. Lathrop, secretary Southern Life & Health.

Wednesday, Oct. 18

Address, "Looking Forward," A. B. Langley, vice-president Carolina Life.

Address, "New Trends in Disability Insurance," Harold R. Gordon, executive secretary Health & Accident Underwriters Conference.

Committee reports: Law, P. M. Estes; advertising, W. R. Lathrop; auditing. Report of nominating committee and election of officers.

Date and place of next meeting.

Federal vs. State Control of Insurance Is Discussed

BRANDT DOUBTS ADVANTAGES

Ohio State Life President Gives View at Convention of A. L. C. Held in Chicago

There might possibly be some benefits derived from federal supervision of insurance, but these could be more than offset by the confusion in laws which might result from such a change, U. S. Brandt, president Ohio State Life, told the general session of the American Life Convention in meeting in Chicago this week. His address was on "Federal vs. State Supervision of Insurance."

He said states should not continue to heap upon the federal government burdens which they themselves should bear, nor surrender to the government any more of their constitutional rights except in grave emergencies.

Federal Power Growing

The growth of federal power since the beginning of this century has been persistent and steady, he said. The central government rapidly "is crystallizing into the form for which Hamilton hoped and Jefferson feared." Mr. Brandt asked whether more and more government does not inevitably bring less and less efficiency in government.

He said: "It is questionable whether the states would surrender their constitutional right for the mere asking or barter it away for a thing of doubtful value." If denied the right to collect taxes on insurance premiums, he said, the states would overlook no plan or device to maintain revenue accruing from insurance, and even legal reserve funds might be in grave danger. The right to tax insurance company property in a state could not be ceded.

Sees Advantages Offset

Mr. Brandt doubted that federal supervision would be desirable. He said there might be uniformity of supervision, but this advantage easily might be offset by overlapping of rights and powers claimed regarding companies, assuming that states would retain control of companies doing only intra-state business.

Summarizing the good work of the state system, Mr. Brandt pointed out that life insurance "has thus far been virile enough to overcome its own illnesses, to cleanse itself of its impurities, to renew itself and to face its future unafraid; and that, if we exchange this system for another we rid ourselves not only of its faults but also of its virtues."

R. F. C. Appoints Connecticut Insurance Department Men

G. W. Carroll and J. M. Greenman, Jr., who have had charge of the securities division of the Connecticut insurance department, have joined the Reconstruction Finance Corporation in Washington. Mr. Carroll will have charge of the insurance division work of the RFC and he and Mr. Greenman will organize the division and make analytical studies of investment and underwriting statistics of companies applying for loans or in connection with issues of preferred stock.

E. T. Garvin, former president of the Riverside Trust Company, has been appointed by Commissioner Dunham to head the Connecticut securities division.

Ohio State Enters Minnesota

The Ohio State Life has been licensed in Minnesota and Shasky Brothers, J. V., A. J. and Ed, have been named general agents. They will have their offices at 340 Superior building, Minneapolis.

Named as Agency Assistants



EDWIN H. NORENE



GEORGE F. B. SMITH

The Connecticut Mutual has appointed Mr. Norene and Mr. Smith assistant superintendents of agencies.

Helpful Sales Ideas Given by Two Company Officials

SPEAK BEFORE 1-2-0 CLUB

Vice-president Dingman and D. M. Phipps Address Continental Assurance Convention

Practical suggestions, keyed to the times, for life insurance selling today were given by several speakers in the convention of the 1-2-0 club of the Continental Assurance held in Chicago.

Dr. H. W. Dingman, vice-president and medical director Continental Assurance, talked on "Prospecting for Policyholders." He said all in the business share a common job in providing a proper business for the company. Companies want business on which they can make money, risks that do not jeopardize the 60,000 policyholders. He stated that they were all obligated to the beneficiaries of the future.

Dr. Dingman said a prospect is a probable buyer of insurance, not a possible buyer. He distinguished a possible buyer as a "suspect," saying that a real prospect realizes that he wants insurance and that he needs it, but the suspect does not. He claimed that a prospect will buy when the time comes and that a prospect is not a prospect unless he buys from the agent soliciting him.

Three Hundred Prospects to an Agent

He urged agents to keep records of their prospects through card index systems. He gave figures showing that there are approximately 225,000 agents in the United States. There are about 190 to each 100,000 of population. That gives each agent over 300 prospects. If he doesn't have his share he is not cultivating his field. Dr. Dingman pointed out that the average production of these 225,000 agents is less than \$50,000. No agent can corner all the prospects but with more effort and harder work he can get his share, he said. In making a list of prospects Dr. Dingman suggested, the agent can put them in one of three classes, first, a list of possible prospects, second, a list of those who will buy from him if they buy at all, and third, those who can qualify if they are willing to buy.

Selection Is Important

Selection is an important factor in prospecting and if an application is turned down on a bad risk the agent may be doubted or even turned down on other applications, he asserted. He urged the agents to be sure they wanted to recommend an applicant for insurance. He said the buyer's willingness is not enough but the company must be willing to accept him. He pointed out the requisites of qualifying applicants and urged agents to select people with proper qualifications.

D. M. Phipps' Talk

In speaking on "Is Selling Life Insurance Today Different," D. M. Phipps, director of field service, pointed out some peculiarities of salesmen. He said some are individualists who have a weakness in trying to sell the way they want to sell instead of the way the prospects want to be sold. He gave figures showing that in 1919 out of every dollar the American family saved 8.2 cents and in 1930, 8.7 cents. Out of every dollar saved 20 cents went to life insurance in 1919. Today the figure is over 40 cents, he pointed out to stress how the public is becoming more and more life insurance minded.

Mr. Phipps emphasized six factors that agents should take cognizance of in selling today. There are fewer people who are able to buy, he said, and therefore there are fewer prospects. Thus, he urged, the agents should work out

(CONTINUED ON PAGE 22)

Elliott Sees Life Insurance as Highly Unified Business

COMMON OPERATIONS BASIS

A. L. C. Manager-Counsel Gives Annual Report at Convention in Chicago This Week

Probably no manager and general counsel of the American Life Convention has had so history-making an epoch on which to report as Byron K. Elliott, who gave his annual recital of happenings in the general session of the A. L. C. convention in Chicago Wednesday morning.

Mr. Elliott said very probably never in the 28 years of the organization's life have so many great changes taken place as those in process today, yet life insurance is closing its fourth year of unflinching service and record performance.

The business is unified, he said, as a natural result of a common basis of operation. Individual units, with but few exceptions, are more homogeneous than those in any other business. The true character and service of life insurance is coming to be fully recognized.

Notes Congressional Acts

Mr. Elliott commented on several congressional acts adopted this year which affect life insurance more or less, the Fletcher bill, which through the RFC has the effect of permitting the government to become a stockholder in private enterprises, such as insurance companies, instead of a creditor; the Home Owners' Loan Corporation, agricultural adjustment act, farm credit act and NRA.

Termination of the long deflationary period and reversal of the downward swing last spring brought renewed hope in life insurance. More sales were made. Sales in August showed a gain over the same month last year, the first time in several years.

Mr. Elliott said it has been often noted that sale of life insurance does not so quickly reflect changes in general business conditions as other indices. It seems true, he said, that the delayed response in policy sales is a more significant and reliable indication of conditions.

Decline in the rate of earned interest was noted. Difficulty which probably will be met, he said, in finding investments with satisfactory yield for excess liquid funds, may be expected to become a major problem. The government's wide invasion of the private loan field undoubtedly will impede any return to higher rates for years to come, he believes.

Cites Encouraging Factors

Along with reduction in business, company expenses, especially in the agency department, have been materially reduced. Efficiency of management has risen to a high level. Selection has been tightened, especially on larger policies. New emphasis is being laid on training and qualifications for medical examiners. Income disability in the last two years practically has faded from the picture. The ten-year trend of increasing cash values has been reversed and many companies now are decreasing such values.

Business in force decreased last year approximately 5 percent. It is unlikely the decrease this year will be so great. An increasing proportion of the remaining volume has become extended insurance and heavily loaned insurance. Cancellations will continue at a relatively high rate. Experiments in rewriting have been tried. The general feeling is that rewritten business has much less satisfactory renewal rate than the average for all business.

Probably the most remarkable body of insurance legislation ever passed, he said, was the insurance emergency acts

(CONTINUED ON PAGE 22)



For Men Who Like Action

A 37-year-old mutual company...
soundly managed...progressive...
with a complete line of contracts.
Truly a young man's company.

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DES MOINES

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NEW YORK

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The Colonial Life Insurance Company

OF AMERICA

HOME OFFICE—JERSEY CITY, NEW JERSEY

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TRIPLE INDEMNITY LIFE INSURANCE

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Penna.; Williamsport,
Penna.; and Detroit,
Mich.

Inquire

UNITED LIFE and ACCIDENT INSURANCE COMPANY

United Life Bldg., Concord, New Hampshire

Forgotten Side of Insurance Is Pictured by Claypool

BUYING POWER OF WORKERS

Vice-president Continental Assurance
Tells What Life People Do in
Their Purchases

Vice-president G. F. Claypool of the Continental Assurance of Chicago in speaking before his agency convention called attention to the material contribution of life insurance to mankind. Speaking of the forgotten side of the business he said that the safety of life insurance is a tribute to the honesty of purpose and soundness of the principles formulated and adhered to by the workers of the past. Compared with losses which the public has suffered in other forms of investment, he said policyholders have scarcely any cause for anxiety. Less than 1 percent of them will suffer any loss at all by company failures. He said that no company has failed because of adverse mortality or excessive cost of handling its business. No failure to any large extent has been due to the depression per se. No company that has adhered to standard practices in handling its investments and managing its affairs has failed. He said that in almost every case of failure mismanagement in the handling of investments has been the sole contributing cause.

Workers in Life Insurance

In the administration of life insurance 100,000 salaried men and women are employed. They are working all the time. The field forces of life insurance constitute an army of perhaps 200,000 people. Therefore he estimated that life insurance employs about 300,000 workers at head offices, those doing administrative work elsewhere and others in the field. This army has to buy supplies of various kinds. There are many thousand people dependent on the 300,000. They are purchasing wearing apparel and food, etc. Therefore, all lines of business have been helped by the purchasing power of the life insurance folk. Transportation lines of all kinds have been favored. Automobiles are almost necessary in the life insurance business.

Great Benefactor to Government

Life insurance, he said, is a great benefactor of the government. The life companies pay large amounts of taxes. The revenue of the postoffice is tremendously augmented by life insurance workers. He said that even a small life company handles as much mail as a good sized city and there are over 300 companies. The life insurance printing bill runs up to a large sum every year.

In its contribution to the buying power of the country Mr. Claypool said life insurance is performing a tremendously worthwhile service. He referred in passing to the benefits that life insurance renders through its investments.

Life companies have been one of the great buying sources of sound securities and their money has filtered out through myriad channels. The purchase of farm mortgages, he said, has been of great service to the welfare of the nation. The life insurance dollar, he said, must be put to work at once. The safety and soundness of the system depend on interest earnings. Funds of companies are not in their vaults. They are scattered throughout the length and breadth of the land.

New York City Course

The New York City Association of Life Underwriters has announced an educational sales course for Nov. 1-2. All day sessions will be addressed by J. E. Bragg, Leon Gilbert Simon, R. G. Engelsman and D. B. Maduro. The course will cost members \$3; non-members \$5.

Schindel Debates Matter of Fraudulent Representations

ADDRESSES LEGAL SECTION

Approach to Problem from Several
Viewpoints Necessary, Columbia
Life Counsel Declares

When the matter of false and fraudulent representations presents itself, it must be considered from several points of view, John R. Schindel, of Cincinnati, general counsel Columbia Life, said in his paper read before the Legal Section of the American Life Convention meeting in Chicago this week, on the effect of the policy provision that in the absence of fraud all statements in the application shall be deemed representations and not warranties.

He said first should be asked what construction has been placed on the statutory provision by courts of the particular state where the question arises. Second, if it is shown that applicant had actual knowledge of the falsity of the representation, is this sufficient to avoid the policy, or must the representation be material to the risk?

Questions to Be Asked

If under the statute the answer is a representation and not a warranty, and warranties are nullified by the statute, will the falsity of the answer avoid the policy even if not material to the risk, provided it is shown to be knowingly false? Third, if the representation pertains to a matter which is material and is shown to be untrue, must the company in order to avoid the policy also show that it was fraudulent; that it was knowingly untrue, or will the mere falsity in fact be sufficient?

Mr. Schindel pointed out that an insurance policy is a contract, and that a contract induced by a representation which evidence proves to be false is in fact no contract, for there was no meeting of minds.

Concrete Viewpoint Needed

In states where no statutes exist, it is necessary to analyze the problem from a concrete and not abstract point of view, to face it in the light of the particular claim being made. It is also necessary to take into account the distinctions made by many courts between fraud in law and fraud in equity, the

New Advertisers Group to Convene in New York Dec. 5

TO BE FIRST REGIONAL MEET

President White Appoints Committee
Chairmen—Charter Memberships
Are Still Available

The first eastern regional meeting of the new Life Advertisers' Association will be held in New York, Dec. 5. J. M. Blake, field service department manager of the Massachusetts Mutual, will preside.

President Nelson A. White, Provident Mutual, has appointed the following committee chairmen:

Press, Stewart Anderson, Penn Mutual; standards of practice, B. N. Mills, Bankers Life of Des Moines; frontier safety, R. G. Richards, Atlantic Life; constitution and by-laws, C. C. Fleming, Life of Virginia, Richmond.

Budlong Membership Chairman

The membership committee has R. C. Budlong, Northwestern National Life, as chairman. Associated with him will be the following chairmen of territorial membership committees: C. T. Steven, Phoenix Mutual, for New England and middle Atlantic states; J. M. Lyons, Manufacturers Life, for Canada; N. D. Phelps, Northwestern Mutual, for the middle west and north central; S. M. Gamble, Volunteer State, for the south; C. I. D. Moore, Pacific Mutual, Pacific Coast and mountain states.

In addition to the 47 founding members present at September's meeting in Chicago, a considerable number of applications for charter membership have since been received. Any member whose application is received prior to Nov. 1 will be considered a charter member. Membership is available to salaried employees in the advertising departments of legal reserve companies, and to the executives of such companies; also to advertising men and women employed in the agency offices of such companies, and in bureaus maintained by the companies.

former being actual knowledge with intent to deceive, and the latter being fraud existing if representation is material and false even though not knowingly false or made with intent to deceive.

New "Annuity Digest," Standard Reference Book, Is Issued

The "Annuity Digest," an entirely new reference book devoted exclusively to the facts and figures of annuity, retirement and investment contracts, is just off THE NATIONAL UNDERWRITER press. While originally announced for publication earlier this year, its completion was purposely delayed in view of the many changes, particularly as to rates, that have been made by numerous companies during the past several months. Now that the great majority of the contemplated changes have been made, the "Annuity Digest," issued as of Oct. 1 and including new rates that went into effect that day, should remain essentially up-to-date and accurate for some time.

Need for Annuity Digest

An independent, authoritative guide to these contracts has been long needed. Those guaranteed personal income contracts have been accounting for a surprisingly large share of production for some time. Doubtless there are big opportunities in this field for those underwriters who are familiar with these contracts. For very good reasons the public has become more and more interested in definite guaranteed incomes.

Many prospects will listen to presentations of these contracts who already feel they have "all the life insurance they can carry or need." One problem for the agent, however, has been the lack of adequate facts and figures about the annuity and retirement and investment contracts that are now being offered. The new "Annuity Digest" is purposely designed to fill this need, so that the underwriter will have the up-to-date data about all of them at his finger tips.

Not Just Straight Annuities

There are four major classifications of contracts treated in the "Annuity Digest," viz.: immediate annuities, deferred annuities, annuity-insurance combinations and short-term endowments or "investment" contracts. The main portion of the "Annuity Digest" is devoted to statistical information about the many deferred annuities and the "Annuity-Insurance Combination Contracts," frequently called "Retirement Income," "Retirement Annuity," "Annuity Endowment," "Income for Life," etc. The latest revised rates on straight immediate annuities are treated in a separate section. A brief but interesting presentation of the salient features of these four

Canadian Farm, Corporate Mortgage Affairs Discussed

PEQUEGNAT PRESENTS REVIEW

Overexpansion in New Western Cities
and in Newsprint and Steamship
Business Cause Defaults

A comprehensive discussion of "Municipal and Corporate Finance in Canada" was presented by A. E. Pequegnat, assistant general manager of the Mutual Life of Canada, before the meeting of the Financial Section of the American Life Convention this week.

Even before the financial debacle of 1929 Canada has at no time been free from municipal defaults. In the new and growing western country overexpansion of the younger cities in addition to the usual mismanagement and political tricks practiced by their metropolitan parents have led to defaults. Defaults on municipal bonds had reached such a state in 1928 that the Dominion Mortgage & Investment Association was organized in which all the important Canadian life companies have taken part. The golden age of industry of 1924 to 1929 led to extensive municipal improvements which brought on heavy municipal debt. The bonded obligations of Canadian municipalities exceeded \$1,350,000,000 of which defaults are within \$85,000,000.

Periodic Examinations of Cities

Mr. Pequegnat discussed the laws governing municipalities in the various provinces. Practically all the provinces maintain municipal departments to periodically examine the affairs of municipalities.

Mr. Pequegnat reviewed the industrial situation in Canada in relation to corporate bonds. The newsprint industry has risen to an important position in Canada second only to wheat raising. There were handsome earnings in the boom years but over-development resulted in chaos with the depression. A satisfactory solution for recapitalization of these industries has not yet been found. The steamship industry, which was also over-capitalized, is far from encouraging at the present time. Public utilities are generally in good shape, while railroad securities do not present a major problem in Canada.

main classifications precedes the statistical data.

For each company, following the description of the contract, the "Annuity Digest" shows the rates at all ages, the income payable, the cash or surrender value and the death benefit and dividends payable on contracts including these features. A full showing is given for some one hundred and twenty companies, practically all writing these forms.

First Exclusive Publication

Heretofore, no reference book has been published devoted exclusively to annuity and retirement income and investment contracts. Some other books largely devoted to regular life contracts contain brief data on annuity rates, but each of these, including their 1933 editions, is now entirely out of date as regards these contracts. No other book now published provides the thorough statistical treatment of annuity, retirement and investment contracts given in the new "Annuity Digest."

With the present strong public interest in this phase of the business it is fortunate that this brand new reference work is now available. Copies may be obtained from any office of THE NATIONAL UNDERWRITER or by addressing the publication office, 420 East Fourth St., Cincinnati, Ohio. The "Annuity Digest" sells singly at \$3 per copy.

Corporate
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Sees Advantage in Selling Group Insurance Contract

H. I. POTTER GIVES COUNSEL

Marsh & McLennan's Life Insurance Head Says That Opportunities Are Coming to Light

H. I. Potter, of Chicago, manager life department for Marsh & McLennan, in speaking before the Continental Assurance agents said that group life insurance was the pioneer in mass production in that field. Today with conditions as they are the tendency in the sale of life insurance will be mass production. Salary allotment which cuts out red tape and the taking up of a man's time are bringing this to the fore, he said. He pointed out that all have followed what is going on in Washington. There are labor troubles and difficulties in settling codes for certain industries. The employers today are interested in trying to win the cooperation of their employees. They want them to feel they can look to their employers not only through pay envelopes but through collective bargaining, he continued.

Medium for Collective Bargaining

Group insurance is an ideal medium for this collective bargaining. Employers say there has been a large spurt in group insurance due to the fact that they can give their employees benefits where they are not in a position to raise salaries, and this in a large measure does away with the trouble that has been rising through labor unions and offers benefits superior to those offered by labor organizations.

With men going back to their jobs and plants which have been closed resuming operations Mr. Potter said there is a large field opening for group life insurance. Now is the time to start prospecting. He pointed out that the employer is interested if he is intelligently approached. He answered the question of "How am I going to approach those prospects?" by saying that if the agent is not acquainted with them personally he surely must know someone who is. Heads of industries are the people to see, not some junior executive or cashier. Once an agent gets to a chief he can explain the accident and sickness benefits.

"Don't take up a lot of the employer's time," he said, "but explain only the fundamentals of the group plan." Mr. Potter said the agent who goes after the prospects need only to know the fundamentals of group insurance and let the employer do the talking, which he will do. Through his talking one can learn about the employees and measure how much to sell them. The home office will prepare a program, reduced to a minimum of simplicity, for the prospect, he stated. The agent who has the interview with the prospect should study this program carefully so he can lay down something definite on the next interview.

After the employer has seen group insurance in action he becomes life insurance minded and will begin to ask the agent about the cost of additional insurance, he claimed. Mr. Potter said that group insurance is a key that unlocks all sorts of opportunities for further sales.

Benefits Made Retroactive

The benefits in all Western & Southern industrial 20 payment life policies, of whatever issue, and in all industrial infantile 20 year endowment policies issued prior to Sept. 29, 1930, are payable on and after Sept. 1, 1933, for the same amounts as provided in the rate tables now in use for these plans of insurance. These increased benefits apply to policies now in force or hereafter revived.

Argument of Public Interest of Increasing Importance

TAMPERING WITH CONTRACTS

Court Decisions Broadening Terms Are Dangerous, Manager Elliott Tells
A. L. C. Legal Section

Arguments based upon the interests of society as a whole are becoming of increasing importance, B. K. Elliott, manager and general counsel of the American Life Convention, stated in his annual review of recent decisions presented this week at the meeting of the Legal Section of the American Life Convention in Chicago.

He said although there is probably no such thing as the socialization of the judicial approach, recognition of social factors no longer can be avoided by the judiciary. Mr. Elliott expressed the opinion that the insurance bar in this respect may find a useful ally in the attempt to keep recovery within the ordinary meaning of the terms of the contract.

Enlarging Terms Is Risky

Mr. Elliott said undoubtedly it is true that the best interests of society lie in the widest spread of the risks of loss from death and disablement and in provision for independence in old age, all at the lowest practical cost. Insurance is the accepted means to these ends.

The institution depends upon a mathematical and scientifically correct system which is built upon the ordinary terms of the policy contract. Where the courts enlarge these terms they overstep, and thus either increase the cost of the benefits to society or even endanger the structure of the institution.

"Judicial rewriting of insurance contracts so as to include risks never intended and for which neither reserves are carried nor other provision made is a process distinctly contrary to the social welfare," Mr. Elliott said.

"The litigation of any hard case may appropriately have in its background, to meet the natural sympathy which every one has for an unfortunate individual, a complete exposition of the functions of insurance and its dependence upon the enforcement of its policies as they are written.

Precedent Affects All

"Hard cases have made more bad law in the field of insurance than any other, with the possible exception of torts, and yet inept tampering with the construction of insurance contracts can do a far wider damage than is apparent, for it frequently establishes a precedent which affects, not alone subsequent contracts where it may be guarded against, but the immense volume of life insurance which will run on the existing contracts for many future years.

"It takes no imagination to visualize the cumulative effect of a long series of decisions liberalizing and extending the original meaning of policy terms.

"In an argument ad hominem in an insurance case, the voice of the millions of other policy beneficiaries who depend upon the functioning of the system should not remain unheard while the misfortunes of the individual plaintiff are being displayed in appealing psychological dress."

Frank W. Siemen Is Manager

F. W. Siemen has been appointed manager for the Fidelity Mutual Life at Davenport, Ia. He is a native of that city and for seven years headed a successful life agency in Cedar Rapids, later having a connection with a large mortgage company in Oklahoma City. More recently he returned to insurance with the Union Central Life in the latter city, where he has resided for the last five years.

Pre-Call Letters

... individually typed and including a personal introduction for the underwriter, are just one of the helps we offer representatives to make their earnings larger and their work more effective.

Security Mutual is on its toes with its agents, helping them to success with the newest sales methods and the newest policy plans.

Agency Opportunities Open

Security Mutual Life Insurance Company

BINGHAMTON, N.Y.

Confidence

The rock upon which the salesman must build his edifice of success with his clientele is confidence. Without it the most masterly presentation, the most compelling arguments, the most inexorable persistence will fail.

When the prospect has become convinced that the underwriter to whom he speaks has absolute honesty of purpose, an authoritative knowledge of his subject, and is guided by a determination to serve—rather than a mere selfish urge to make money for himself—then only does he become more than just today's policyholder: He becomes a life-long client.

And this is surely as it should be, for into the hands of the fieldman are placed all the hopes and fears for that which man holds highest in life—the future welfare of his loved ones and himself.

AMERICAN CENTRAL LIFE
INSURANCE COMPANY
INDIANAPOLIS, IND.

Would You Punt or Plunge?

Here's a problem in football—and salesmanship. Suppose you were quarterback—last quarter—score tied—the ball in midfield in your possession—fourth down, and a yard to go! Would you punt—and play safe—or plunge for the remaining yard? Here's how one of America's great quarterbacks solved the problem.

COMMONWEALTH CORDIAL CO-OPERATION

He used neither orthodox play. Instead, he threw a long pass over the goal line—giving his team a chance to score, yet without risking loss of the ball in midfield—because he knew the rules governing such passes.* Do you? In selling life insurance, there are so many agents that don't know the rules—or how to profit by them. They need Commonwealth's Cordial Co-operation—to give them a kit of "reserve plays"—to use when they need them. Write for more information.

*P. S. He won the game!

COMMONWEALTH LIFE INSURANCE CO. LOUISVILLE, KY.

Diversification in Investments Is Best Life Company Rule

H. A. Behrens, president of the Continental Assurance, who greeted the members of the General Agents & Managers Association of his company in Chicago, said at the convention of the National Association of Life Underwriters and in talks with life people he caught a feeling of pride displayed by those in the business. It is a feeling of pride and satisfaction that comes from an association with a cause that has been proven sound in spite of its obstacles, he stated. Mr. Behrens told of how bankers and other business leaders at their conventions are inclined to be apologetic. Life insurance, he pointed out, has proven to be the bright spot of all business and therefore no apology is forthcoming from it.

Magnitude of the Operations

He reported the from December, 1929, to the present the assets of the life companies increased over \$3,000,000,000, and that during that period of depression the business had paid out well over \$6,000,000,000 in cash to policyholders and beneficiaries. He gave figures showing the investment policy of the life companies as a whole which policy is far above that of other industries.

He said the people in the business are rightly proud that they are with an enterprise that has proven so sound and that scatters so much light. In discussing securities Mr. Behrens said good securities cannot be bought, put away and forgotten as in former times, but now they have to be watched because they so often turn out to be poor investments. Changing times have made this watchfulness necessary he stated. He pointed out that at one time the companies bought largely farm mortgages. They were considered the acme of perfection in life insurance investments. Railroad bonds and utilities

were not considered good. Now, he continued a life company must perform certain banking functions in order to make good its policies. It must not only be prepared to perform banking functions but also it must have more liquid assets and sound investments. In order to continue to perform a banking function there must be a charge for that. The charge must be paid for and in his personal opinion it will be paid for through increased rates. He stated that the public today is not interested in how large a company is but how sound it is.

Decries Uncontrolled Inflation

President Behrens reminded his hearers that assets of all life companies are 7 percent of the total national wealth. Future payment obligations of the life insurance institution are one-third the national wealth. With so huge a responsibility he urged each one of them to be a missionary for sound money, rather than uncontrolled inflation, so that company assets and policy payments would remain secure in the protection they afford.

He spoke of Illinois as a state that has done, and is still doing, heroic things to ensure financial strength of companies chartered therein, no measure being more important than the new insurance investment act which provides for proper diversification of assets within limits strictly provided. This act becomes effective July 1, 1935, and will make Illinois the leading state of the entire country in life company portfolio requirements he feels. The Continental Assurance he said is proud to say that during the entire depression its portfolio has adhered strictly to the principles of this act. No material adjustment of any portion of its holdings are necessary now, nor have been.

Prudential to Celebrate Its 58th Anniversary Oct. 13

Several hundred of the most prominent men in New Jersey and the metropolitan district will attend the reception to be held in the assembly hall of the Prudential's home office Oct. 13 in observance of the company's 58th anniversary.

Leaders in religious, political, financial, professional and business circles have accepted invitations and will be received by President E. D. Duffield and other executives.

Following the reception a buffet luncheon will be served. As has been customary for several years, the remainder of the program will be devoted to informal gatherings of guests. There will be no speeches.

New President Is Speaker

George W. Steinman, new president of the Midland Mutual, was the principal speaker at a regional meeting and dinner in Columbus Friday night, with 100 in attendance. Other speakers were Dr. W. O. Thompson, chairman of the board, who was toastmaster; Theodore Tangeman, Ohio director of commerce, and Superintendent C. T. Warner. Representatives from Ohio, West Virginia and Kentucky attended, together with the entire board of directors, including the new member, A. H. Thomas.

A three-day drive in honor of the new president brought in applications for \$151,000 of business. The W. O. Thompson cup, in honor of the late president, H. B. Arnold, was presented to J. R. Campbell of Parkersburg, W. Va., for the best record in August and September.

Union Central Life Holds Indianapolis Agency Rally

At an agency meeting held by the Indianapolis office of the Union Central Life, of which H. Young is manager, W. F. Hanselman, superintendent of agencies; J. W. Rivers, assistant superintendent of agencies, and A. J. Koeppe, assistant actuary, were present from the home office. Mr. Hanselman told about the radio and national advertising programs the company is sponsoring. He also gave some encouraging comparisons of business the past few months. Mr. Koeppe described a new policy which the company will soon announce. Mr. Rivers described the advantages of organized selling. A number of the agents took part in the program, which was based on the general theme of "Planned Selling."

Some 40 agents, their wives and guests attended the banquet, at which Commissioner H. E. McClain was the speaker.

Bruenn with Brooklyn National

Louis S. Bruenn, for more than 20 years with the Metropolitan Life as a branch manager in New York City, has been appointed general agent in Philadelphia by the Bankers National Life of New Jersey. He specialized in developing the Metropolitan's ordinary business while with that company and trained many agents in the sale of this type of business.

Night School at Detroit

The Nathaniel Reese agency of the Provident Mutual at Detroit is conducting a night school Thursday and Friday nights each week. The class is well attended and is under the leadership of H. G. Schell.

Insurance Urged to Aid Home Loan Corporation

APPRAISAL PROBLEM VITAL

R. T. Stuart Discusses Machinery Refinancing Distress Mortgages at Meeting of A. L. C.

When bonds of the Home Owners Loan Corporation are issued on the proper basis they should prove to be stable investments, according to R. T. Stuart, president Mid-Continent Life of Oklahoma City, who addressed the Financial Section of the American Life Convention in Chicago. Mr. Stuart related the history of the Home Owners Loan act, formation of the Home Owners Loan Corporation and explained the machinery.

Mr. Stuart estimated that the distress mortgages aggregate more than ten billion dollars and he pointed out that the granting of loans in sufficient number to offer relief to any considerable percentage of the home owners who need such assistance is a gigantic task.

Appraisal Problem Is Vital

The appraisal problem is difficult for the corporation and important to the mortgagors and mortgagees. The success of the whole system depends largely upon the fair and proper valuation of the property. He said the Federal Home Loan Bank board and the Home Owners Loan Corporation are making every effort to arrive at fair and equitable values rather than using technical market values that might frustrate the purposes of the home loan act.

The special committee of the American Life Convention, he said, was received cordially by the chairman and members of the Home Loan board and the officers of the corporation. Many of the A. L. C.'s committees recommendations have been put into operation.

The Home Bank board has requested the cooperation of the insurance people in seeing that appraisals are made on a fair and proper basis. Mr. Stuart said it is the duty of every insurance company to use its best efforts in cooperating with the appraisers. An unfair appraiser should be reported to the authorities.

Open Market Established

He said an open market has been established to reflect the day to day attitude of the public towards the bonds, which have been sold over the counter from \$90 to \$92. Many life companies are willing to accept them in payment of mortgages subject to being refinanced by the corporation and there appears to be a tendency to accept them on the part of other financial institutions.

He pointed out that homes and farms constitute the basic wealth of the nation and are the best security in the world. All government bonds are based upon the value of real property and when the value of homes and land is destroyed the wealth of the nation is destroyed. These values must be built back to a normal basis.

Philadelphia Supervisors Meet

At the opening luncheon meeting of the new supervisors group of the Philadelphia Association of Life Underwriters W. G. Rutherford, New England Mutual Life, spoke on "Why Supervisors—Do We Understand Our Jobs." Among the attributes necessary for the supervisor and unit manager, he said, are vision, ability to plan, knowledge, loyalty to self, to men, to the agency and to life insurance.

L. F. Hildreth, of Travelers, is acting as the leader of the group.

J. F. Sisserson, assistant secretary Mutual Benefit Life, is completing 45 years of service this month.

Medical Directors Meeting

The annual convention of the Association of Life Insurance Medical Directors is meeting at the Royal York Hotel, Toronto. Dr. H. C. Scadding of the Canada Life is president. The annual dinner was held Thursday. The program was:

Thursday, Oct. 12

"Application and Pitfalls in Interpretation of Blood Sugar Time Curves in the Diagnosis of Diabetes Mellitus," Dr. I. M. Rabinowitch, Montreal.

Discussion, Dr. F. H. McCrudden, New England Mutual Life, and Dr. A. H. Gordon, London & Scottish.

"Glycosuria: A Selective Formula and Illustrative Mortality Study," Dr. F. G. Brathwaite, Equitable Life of New York.

Discussion, Dr. C. F. Martin, Standard Life, and Dr. D. B. Cragin, Aetna Life.

"On Disposition to Nervous or Mental Disease as a Consideration in the Selection of Insurance Risks," Dr. L. F. Barker, Baltimore.

Discussion, Dr. F. L. Grosvenor, Travelers.

"Spontaneous Pneumothorax," Dr. W. B. Bartlett, John Hancock Mutual Life.

Discussion, Dr. J. H. Elliott, Toronto, and Dr. T. D. Archibald, North American Assurance.

"Significance of Epigastric Pain," Dr. J. T. Eads, Penn Mutual Life.

Discussion, Dr. H. H. Fellows, Metropolitan Life, and Dr. S. B. Scholz, Jr., Penn Mutual Life.

Friday, Oct. 13

"Comments on Medical Impairment Ratings," Arthur Hunter, Vice-President New York Life.

Discussion, Dr. William Muhlberg, Union Central Life, and J. G. Parker, Imperial Life.

"The Theory and Practical Application of the Electrocardiogram in Life Insurance," Dr. H. E. B. Pardee, New York City.

Discussion, Dr. C. C. Birchard, Sun Life of Canada, and Dr. H. F. Taylor, Aetna Life.

"A Recommended Standard for the Determination of Cardiac Size," Dr. H. B. Turner, Metropolitan Life; Dr. C. F. Nichols, Penn Mutual Life, and Dr. H. E. Ungerleider, Equitable Life of New York.

"Mortality of Risks with Asthma," L. I. Dublin, and Herbert Marks, Metropolitan Life.

Discussion, Dr. Herbert Old, Provident Mutual Life, and Dr. A. H. W. Caulfield, Toronto.

"Determination of Hemoglobin in Life Insurance Selection," Dr. W. G. Exton and A. R. Rose, Prudential.

"Blood Pressure and Its Relation to Heart Force and Body Surface Area," Dr. C. P. Clark, Mutual Benefit Life.

Discussion, Dr. H. W. Cook, Northwestern National Life, and Dr. J. M. Livingston, Mutual Life of Canada.

R. E. Whitney Rounds Out 50 Years With New York Life

R. E. Whitney, inspector of agencies in the central department of the New York Life in Chicago, on Oct. 18 will attain the 50th anniversary of joining the company. Preparations are being made for suitable observance by agency directors and agents in Chicago. Mr. Whitney, whose father was the late Charles C. Whitney, for many years secretary New York Life, was 18 years old when he started as clerk in the agency department at the home office. He later joined the general agency of H. W. Baldwin in New York City as assistant. Mr. Baldwin later resigned and Mr. Whitney was placed in charge. This agency grew to be the largest in the company, opening branches in a number of eastern cities.

The company transferred Mr. Whitney to the Far East in 1901 to open agencies in Japan, China and the Philippines. These were unusually successful, but Mrs. Whitney's illness caused him to bring her back to this country two years later. He became agency director of the Colorado branch and later was transferred to Chicago as supervisor of the central department. He was promoted to inspector of agencies in July, 1907. In 1910 the central department produced \$22,000,000, in 1920, more than \$76,000,000, and in 1930, more than \$117,000,000. The department filled its top allotment for 20 years, from 1908 to 1927.

Imperial Life Official Dies

C. L. Mosman, auditor of the Imperial Life of Asheville, N. C., died last week at the age of 63. He started with the company June 6, 1908, as an agent in Concord, N. C. He was soon promoted to an assistant and was later manager of the Salisbury and Rocky Mount districts. He became auditor in 1922. Funeral services were held in the West Asheville Methodist church.

Rodd with United Mutual

C. L. Conger, agency supervisor of the United Mutual Life of Indianapolis, has appointed Arthur L. Rodd, former general agent in the upper peninsula of Michigan for the Northwestern Mutual, as general agent of the United Mutual for Grand Rapids. He was formerly in the advertising business.

Encouraging Report on Farm Mortgage Situation

NEW YORK, Oct. 12.—An encouraging review of the farm mortgage situation was given by George Pansiera, assistant treasurer of the Union Central Life, speaking at a meeting of the C. B. Knight agency in New York City. Because of redemption periods allowed by many states, present increases in real estate accounts should not be regarded as reflecting the mortgage situation, he said, as the properties now going into the real estate account in many cases are due to foreclosures started one and two years ago.

The company has sold a number of farms at very satisfactory prices, Mr. Pansiera said, citing examples where certain properties had failed to stay sold a year or so ago but had recently been sold for much more than the previous price. He said there was a marked trend on the part of residents of towns and cities to buy farms as investments at present prices.

Improvement in commodity prices and the cooperation of the government have helped the general farm situation greatly, he said. In some cases, however, the publicity due to the government's aid has caused farmers to think that all they have to do is to sit down and wait for this help without doing anything to help themselves. It has been one of the Union Central's tasks to overcome this attitude where it prevails. On the whole, the farmers in distress have shown a very cooperative attitude, paying whatever they can, and showing real appreciation of the company's consideration of their interests.

Observes 34th Anniversary

The National Life of Des Moines will observe its 34th anniversary Oct. 24. Samuel L. Warden, Blockton, Ia., one of the original directors of the company, is still affiliated with the organization. He holds an agent's contract.

Woodmen's Loan Action

The Woodmen of the World have declared a five year moratorium on the payment of cash surrender and policy loans. The power is lodged in the board of directors to change this decision when business conditions justify. Under the new arrangement the Board has announced that it will make a 50 percent payment on loan.

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It is *Safety* that all are seeking wherever insurance is purchased.

Safety against want in old age—*safety* to retire at a given age—*safety* in event of accident or ill health — *safety* in event of death by providing money to pay off loans, mortgages or other obligations—*safety* to protect that which has been saved and accumulated—*safety* to provide for children and other loved ones.

Safety so that one can always face the future unafraid.

To provide this safety is the duty and obligation of all insurance companies.

To keep each company always in a sound financial condition to meet all emergencies is the duty of the management.

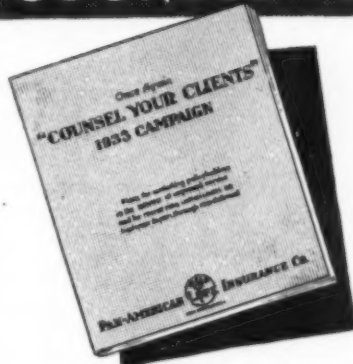
Below is an extract from report made by the Wisconsin Department of Insurance upon completion of regular examination of this Company January, 1933:

"The Company is found in a good financial condition with surplus as regards policyholders of \$1,607,210.38 and contingency reserve of \$225,000, after setting aside legal reserves and other reserves which are more than adequate. Retrenchments in accordance with the present period have been programmed. The management is made up of men of ability whose tenure of office began with the organization of the Company. Its actuarial methods are sound and mortality experience has been favorable. Policyholders receive fair and equitable treatment."

Operating in
California Ohio
Illinois Oregon
Iowa South Dakota
Michigan Texas
Minnesota Washington
Wisconsin

OLD LINE LIFE
Insurance Company of America
Milwaukee, Wisconsin

"COUNSEL YOUR CLIENTS"



TAKE CARE
of your
POLICYHOLDERS
and they
WILL TAKE CARE
of YOU!

Conservation is daily assuming a greater importance to the Life Underwriter. Policyholder calls occupy a definite place in the daily work-plan.

Pan-American conservation systems, themselves developed to a high degree of efficiency, are supplemented yearly by the company's "Counsel Your Clients" campaigns—offering Fieldmen a means of contacting policyholders in the interest of both present and additional insurance.

Result, better policyholder relationships all 'round and a pronounced increase in new writings.

On all agency matters, address

TED M. SIMMONS,

Manager United States Agencies



PAN-AMERICAN LIFE INSURANCE CO.
NEW ORLEANS, U.S.A.

CRAWFORD H. ELLIS, President

EDWARD G. SIMMONS, Vice Pres. & Gen. Mgr.

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PERSONAL SIDE OF BUSINESS

W. A. Berry, manager Birmingham agency Life of Virginia, has been named chairman of the Jefferson county (Ala.) board of education.

C. C. Nash, Sr., of Evanston, Ill., died while visiting his son, C. C. Nash, Jr., advertising and publicity manager of the Home Life of New York at its head office, at his home in Orangeburg, N. J. The elder Nash was 75 years of age and was a veteran coal man in Chicago.

President C. L. Ayres of the American Life of Detroit, who was to have appeared on the program of the American Life Convention at its annual meeting in Chicago this week, is in a hospital at Detroit, having undergone an operation. He was to have spoken Wednesday afternoon on the "Homestead Mortgage as a Life Company Investment." Mr. Ayres had his paper about half completed. He is getting along nicely but he will be laid up for two or three weeks. Mr. Ayres is a former president of the American Life Convention and is a man of forceful and resourceful character.

J. E. S. Buchanan, Oregon general agent of the Aetna Life, has been named colonel of the insurance division of the NRA in Portland.

T. E. Hartmann, who has been a general agent in New Jersey for a number of years for the New England Mutual with headquarters in Newark, and who has been active in the affairs of the Optimist International in New Jersey, will be tendered a testimonial dinner Oct. 28.

W. B. Irons, secretary of Federal Reserve Life, is celebrating the arrival of Blake Warren Irons, his first son.

Vice-president Frank H. Davis of the Penn Mutual Life has begun the issuance to the field force of a weekly bulletin aptly named "Field Flashes," to supplement the well known agency magazine, the "News Letter."

The purpose of "Field Flashes"—unfailingly mailed on Saturday—is to flash to the men and women in the field instant recognition for worthy work in new production. No item is more than a week old, and none is longer than ten lines, the average taking not more than three or four. Achievements worthy of fuller mention are amplified in the next issue of the "News Letter."

John Nelson, supervisor of public relations of the Sun Life of Canada, returned to Montreal after a visit to Germany as president of the International Rotary. Mr. Nelson has concluded that the Rotary will serve German and Jewish members best by remaining in Germany and not withdrawing the charters of its 60 clubs there because of the Nazi activities.

Jules Girardin, veteran general agent of the Phoenix Mutual Life in Chicago, who retired from the active management of the agency some years ago, went to Chicago and established an office for the Phoenix Mutual, Oct. 2, 1890. He located in the old Scholsser block, where the National Bank of the Republic afterward located in a new building. The building was one of the old ones erected after the great Chicago fire and the office, Mr. Girardin found, was most uninviting and ill kept. He had gone to Chicago from Galveston, Tex., where he was associated with the fire insurance general agency firm of Kennison, Beers & Co. Among the companies represented by that agency was the Sun Fire of London. Shortly after Mr. Girardin had arrived in Chicago, when he was very

much discouraged and had about made up his mind to return to Galveston, John J. Purcell, who was assistant manager at New York, called to see him. He held of an application blank and also a doctor's certificate. He made out an application for \$5,000 in the Phoenix Mutual, had himself examined by the company physician, filled out all the necessary blanks, discovered a rate book and found the correct premium, wrote a check for the entire amount, leaving in the papers with a note for Jules, which encouraged him so much that he decided to stay in Chicago where he built up the Phoenix Mutual to respectable proportions.

W. L. Moore, for many years president of the Southern States Life of Atlanta, which was taken over by the Volunteer State Life, has been appointed manager of the Federal Deposit Insurance Corporation at Atlanta.

R. G. Richards, agency secretary Atlantic Life, has been appointed publicity chairman of the Richmond Community Fund drive to be staged Nov. 16-27. He was selected for the post by B. H. Walker, campaign chairman, who is president of the Life of Virginia.

F. C. Morss, manager of agencies of the Provident Mutual Life, started on a Pacific Coast tour following the annual meeting of the National Association of Life Underwriters in Chicago, journeying westward to Seattle and thence down the coast.

W. H. Sargeant, president of the Massachusetts Mutual, arrived in this country on the "Aquitania" from a trip abroad where he visited in England and Scotland. Accompanying him was Joseph K. Milliken of Taunton, Mass., a director of the company.

M. B. Brainard, president, and S. T. Whatley, vice-president of the Aetna Life, will visit the M. L. Seltzer agency at Des Moines, Oct. 21. The Seltzer agency is the only agency of the company to have increased its sales in 1933. President Brainard will talk at an agency conference. A banquet and general entertainment has been arranged.

Now At the Top



S. B. PHILLIPS

The new president of the Union Mutual Life of Portland, Me., S. B. Phillips, who was promoted to the chief executive position from vice-president, has had a long career with the company. He has been tested and tried in many ways and not found wanting.

American Life Convention's Progress

This is an interesting week in Chicago. Two great national insurance organizations are holding their annual meetings in the city at the time when the Century of Progress Exposition is a big feature.

The NATIONAL ASSOCIATION OF INSURANCE AGENTS composed of local fire and casualty agents throughout the country had its origin in Chicago in September, 1896, when a group of men met at the Great Northern hotel. Out of it came the splendid organization today that has developed so strongly and is the articulate voice of local producers.

The AMERICAN LIFE CONVENTION had its start also in the Great Northern hotel, in September, 1905. At that time life insurance conditions throughout the west and south were disturbed. Executives did not know one another and were suspicious of competitors. Practices having a damaging effect were indulged in and every man's hand was against his competitor.

A group of executives met in the Great Northern hotel, possessed of courage, vision, foresight and sagacity. They established the AMERICAN LIFE CONVENTION and it has proved a stabilizing, correcting force, especially in the newer school of companies.

The organization of western and southern companies followed the Armstrong investigation in New York. Life insurance had become too highly centralized. It had gotten far from the minds and hearts of the people so far

as its pristine virtue was concerned. New companies came into being and served a distinct service in acquainting the people with the advantages of life insurance and its functions. They carried the message through their agents to all sections and people became life insurance conscious.

The AMERICAN LIFE CONVENTION has been of tremendous advantage to its membership. It started in a simple, plain way. It has always been a hard working organization. Its membership at first was composed of men who handled almost every department at their home offices. They came to its meetings and they sought its counsel because they desired to learn. As time went on its service was enlarged, its departments expanded and its functions extended.

It is well, therefore, that the AMERICAN LIFE CONVENTION meets in Chicago, where it had its birth, and especially when people through the spirit of the Century of Progress Exposition pay tribute to the marked advance in so many activities of life. The AMERICAN LIFE CONVENTION has given a good account of itself in the years that have followed its organization. It can pause for a moment and recount its achievements and exhibit evidences of its progress.

It is meet therefore that the membership should return to Chicago, catch the spirit of the founders and drink at the springs of its youth.

Six "Evils" to Be Overcome

The philosophers and savants of ancient days had a penetrating vision and were able to measure life values very accurately. We can glean much from the observations of these men. We have inherited much from their storehouse of knowledge. For instance, an old Hindu proverb says that six

evils must be overcome by anyone who desires prosperity. These are the so-called "evils" that are listed: Sleep, sloth, fear, anger, idleness and procrastination. These tendencies can be overcome by their opposites. Positive instead of negative characteristics should be cultivated.

Chance Is Not a Big Factor

At times young people may feel that conspicuous success is achieved at a single bound. Any great achievement or reputation worth while is the result of hard

work, patient endeavor, ambition and constant application to one's task. It is never the result of chance. The lives of successful men all show that is true.

NEWS OF THE COMPANIES

Study Missouri State Affairs

Insurance Department Attorneys and Protective Committee Seek to Uncover Irregularities in Management

ST. LOUIS, Oct. 12.—Attorneys for the Missouri insurance department are investigating the affairs of the Missouri State Life with a view of determining whether any of the former officers and directors are personally liable for losses the company sustained in real estate and stock purchases and on collateral loans, etc. When the check up has been completed Superintendent O'Malley will decide what action shall be taken, if any, to recover from the persons responsible.

The first step in the investigation is a careful check up of the minutes books of both the board of directors and executive committee from about 1928 up to the receivership.

The policyholders protective committee has been made an independent investigation of the books and records of the Missouri State Life with the approval of the insurance department. Walter W. Head, president of the General American Life has promised the policyholders committee the fullest cooperation in any investigation it may desire to make of the purchase by that company of the Missouri State Life's assets.

Expect Report Soon

The protective committee will not make a formal report of its investigations and recommendations for at least another week or two. It is known that a majority of the committee of seven believe that they should proceed very carefully before passing final judgment on the deal with the General American Life. The committee is also considering recommendations for new state laws to govern life companies beyond the changes outlined by Governor Park in his proclamation. R. C. Newman, chairman of the protective committee, has expressed the belief that Governor Park's program does not go far enough to assure full protection to insurance buyers. He believes that the new laws should make full provision for the establishment of a legal list of securities in which insurance funds may be invested, such as under the New York insurance statutes. Such a rule would guard against lax supervision and decisions based on political considerations.

In the meantime the General American Life has been licensed in Arkansas, Alabama, Pennsylvania, Ohio, Indiana, Texas, Oklahoma, Missouri, Michigan, Illinois and West Virginia and has applications for licenses pending in California, Kansas, Colorado, Iowa and Minnesota. The scope of its operations will be expanded as conditions warrant. As the company obtains local licenses it is anticipated that the various ancillary receiverships filed against the old Missouri State Life will be terminated.

Block Kansas-Pyramid Deal

TOPEKA, KAN., Oct. 12.—The merger of the Kansas Life of Topeka with the Pyramid Life of Kansas City, Mo., seems to have been blocked. Officials of the Pyramid have notified the state charter board that the application for the merger may be dismissed and it was indicated that no further effort would be made to have the merger approved. It is understood here that an effort is being made to have the Pyramid sell its stock in the Kansas Life to some Kansas company which has sufficient assets to handle the deal. It is believed that a merger of the Kansas Life with some other Kansas company in good standing would be approved.

Hawkeye Life Is Purchased

President John A. Farber of the Service Life Will Merge the Two Companies

John A. Farber, president of the Service Life of Omaha, has consummated the deal whereby his organization has purchased the Hawkeye Life of Des Moines. This will make the Service Life Nebraska's second largest legal reserve stock life company.

Mr. Farber says: "With the acquisition of the Hawkeye Life the total insurance in force in the Service Life will be in excess of \$30,000,000 with resources of over \$5,000,000."

H. P. Farber, is secretary of the Service Life; Walter Duda, treasurer; W. H. Pate, director; Lloyd Dort, vice-president, and Irvin Stalmaster, counsel.

The Service Life has in the past year acquired the business of the Union Pacific and the Equity Life. The acquisition of the Hawkeye increases the company's activities so as to require an increase of home office personnel and enlarged headquarters. Mr. Farber states the company plans to continue its headquarters in Omaha.

A. R. Ingleman, formerly president of the Hawkeye Life, becomes affiliated with the Service Life and will have charge of its interests in Iowa. The Service Life is now operating in Nebraska, Iowa, Illinois, Indiana, Missouri and California. The Hawkeye Life has been licensed in Nebraska and the deal approved there.

Confer on Kentucky Home

FRANKFORT, KY., Oct. 12.—State Auditor Talbott is in New York attending a conference with B. S. Washer, Louisville, temporary president of the Kentucky Home Life; A. K. Brehm, New York, first vice-president Continental Bank & Trust Company, recent purchasers of that company, and H. M. Wise, president of the Central Corporation, an affiliate of the bank. Affairs of the company, which is now being reorganized, were discussed.

Conclude Royal Union Hearings

DES MOINES, Oct. 12.—Receivers for the Royal Union Life of Des Moines will conclude hearings this week on the 11 proposals for disposition of the company. The last bidder to be heard this week is the Central of Iowa.

A preliminary report of the receivers showed that since June 3, the date of the receivership, the company has accumulated available cash of \$1,000,000, or three times the amount necessary to pay off death and other claims. When the receivers took charge there was not enough cash on hand to pay claims then existing. The receivers also have reduced operating expense to one-third of what it was.

The receivers reported that all contracts submitted by the 11 bidders had been revised or improved with 50 to 100 "corrections" in each all looking to the bettering of the position of the policyholders. The proposals now go back to W. M. Corcoran, receivership actuary, who will make a report within 10 days.

Has Big "President's Month"

"President's Month," observed by Bankers Life of Iowa in September, produced \$4,220,059 in new business. It was the second highest month of the year, June having exceeded it slightly.

Another Critical Article

The "Nation," ultra-liberal weekly, has published another critical life insurance article featuring the desirability of the Massachusetts savings bank plan.

Nylic Annuities

In order further to meet the demand for retirement incomes among men who must also have protection for their families until their policies mature, the New York Life has just issued a new contract called the Annuity Endowment.

This contract provides for an annuity of, say, \$100 a month to start "automatically" at age 65 with an option of \$13,400 as a cash endowment in lieu thereof, and also provides guaranteed values in event of lapse. Provision is also made in this flexible contract for annuities to begin at various optional ages.

Insurance protection for beneficiaries is provided up to age 65. For a \$100 monthly annuity, \$10,000 or the guaranteed cash value, whichever is greater, would be paid at death. The cash value would exceed \$10,000 in the later years of the contract.

For women who want a retirement income without protection for their families, there are retirement, accumulative and immediate annuities. For women who want a retirement income with protection for their families, there is a wide variety of endowment contracts with optional annuities. All New York Life endowment or life policies now being issued offer the insured an annuity under the optional methods of settlement.

The New York Life agent is thus well-equipped with contracts to meet the growing popular demand for life incomes guaranteed by a strong, legal reserve life insurance company.



HOME OFFICE BUILDING

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INSURANCE
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LIFE AGENCY CHANGES

Stumb Shifted to Memphis

Reliance Life Appoints C. M. Stiller as Manager of Its Offices in Oklahoma City

C. E. Stumb, Reliance Life manager in Oklahoma City, has been transferred to Memphis, Tenn., as manager of the tri-state department. He is a native of that state, being born in Nashville. He started his career as agent of the Missouri State, then became branch office assistant, developing the organization in eastern Tennessee with headquarters at Knoxville. He went to the home office as supervisor and for a year before going with the Reliance Life he managed a branch in Cincinnati.

C. M. Stiller has been appointed manager of the Oklahoma department to succeed Mr. Stumb. Until recently he resided in Wichita, where he was in the life business. He graduated from the University of Kansas in 1916, having been born in Florence Kan., in 1891. He started his life insurance career as district agent for the Northwestern Mutual Life at Leavenworth.

Lincoln National Changes

J. S. Touchstone, Dallas general agent of the Lincoln National Life, has been made manager of the salary savings department and E. S. Hurst and his son, Edgar Jr., succeed him as general agents in Dallas territory.

The Hursts have been in the life insurance business for a number of years and were among the leading producers for a Texas company. Mr. Touchstone in recent years has written many salary savings accounts and at present has some 50 railroads under contract. The offices of the Hurst agency are located in the Magnolia building.

M. J. Wright

M. J. Wright has been appointed manager of the life department of James S. Kemper & Co. in Chicago. He succeeds H. B. Hoffman, who resigned to become agency supervisor of the Northwestern National's branch office in Chicago. Mr. Wright formerly was an agent of the Metropolitan and more recently with the Mutual Life of New York in Chicago.

W. A. Frost

W. A. Frost has been appointed general agent by the Montana Life for the midland empire district of Montana with headquarters in the Montana Power building, Billings. J. E. Tannehill, who resigned as general agent some time ago, will continue as a special agent. Mr. Frost has been in outside sales work for 14 years.

Old Line Life Appointments

The Old Line Life of Milwaukee has appointed R. T. Scofield general agent at Oshkosh, Wis.; John Seman, general agent at Minneapolis, and George L. Mott, general agent at Saginaw, Mich.

M. H. Ramsey, Jr.

M. H. Ramsey, Jr., has been named general agent for southern California by the Manhattan Life with headquarters at 649 South Olive street, Los Angeles.

Regular Audit for Northwestern

The regular convention examination of the Northwestern Mutual Life will be started early in December. States besides Wisconsin participating in the examination will be Minnesota, Illinois, Michigan, New York and Kansas.

Walter Ogus Is Promoted

Becomes Assistant to the Agency Manager of the Equitable at Washington, D. C.

The appointment of Walter Ogus as assistant to the agency manager in charge of agents' training is announced by D. S. Bethune, agency manager Equitable Life of New York in Washington, D. C. A graduate of the Equitable's agents' training courses and having two years of successful experience in life underwriting, Mr. Ogus is well qualified for his new position. He attended George Washington University and received his LL.B. degree from National University. He played as guard on the football team and was considered a valuable member of the baseball, basketball and tennis teams.

Mr. Ogus interprets life insurance not in terms of death but from the benefits in comfort and security derived during life, and the happiness of knowing that one has put his house in order in the event of demise. Mr. Ogus likes to sell insurance to young people. His pet slogan is: "No man's life is complete without a life insurance program. Why not start them young on the road to that program?"

J. F. Ferre

J. F. Ferre, Worcester, Mass., has been appointed Rhode Island manager for the Mutual Life of New York with Providence headquarters. Mr. Ferre's associates in the Mutual Life at Worcester gave him a testimonial dinner with T. F. Stevens, assistant superintendent of agencies, representing the home office.

H. S. Manthe

H. S. Manthe has been appointed Springfield, Mass., manager of the Mutual Life of New York, with offices in the Stearns building.

C. E. Clinton

C. E. Clinton has been appointed traveling supervisor for the Aetna Life general agency in Chicago, covering the 20 counties outside of Cook county under the jurisdiction of the agency. Mr. Clinton is a director of the Chicago Association of Life Underwriters. For three years he has been a personal pro-

ducer with the agency, before that was a supervisor there and prior to that connected with the Retail Credit Company. In the last three years he has qualified for the company's convention with over \$250,000 a year. He operates from Chicago headquarters.

Don M. D. McGraw

Don M. D. McGraw, former general agent of the Minnesota Mutual Life in Detroit, has joined the Julius H. Meyer agency of the New England Mutual at Chicago. He has been located in Chicago for several months, being connected there with the Home Life of New York.

J. F. Bitzer

J. F. Bitzer has been appointed supervisor of pensions of the western department office of the Aetna Life and affiliated companies in San Francisco. He is new in the territory, but has a good record in other sections.

Perry Meek

Perry Meek, prominent in Indianapolis life insurance circles, has been appointed supervisor in the Indianapolis general agency of the Penn Mutual Life, of which Ray Patterson is general agent. Mr. Meek has been with the Indianapolis Life for six years and has averaged four policies a week for that time. He has been a member of the "App a Week Club" and the "\$10,000 a Month Club" for three years. He was president of the Indianapolis Association of Life Underwriters in 1931-32.

Life Agency Notes

The Continental Life of St. Louis has appointed as general agent H. D. Moore, Eldon, Ia., and M. Dull, Muncie, Ind.

James E. Morrison, formerly connected with the Franklin Life at Detroit, has become associated with the Nathaniel Reese Agency of the Provident Mutual there.

J. E. Lassell has been named district agent in charge of the Washington National's newly-established branch at Spokane, Wash. He was formerly with the company at Portland, Ore.

A. H. Gibson, one of the leading producers of the Fort Worth agency of the Minnesota Mutual Life, has transferred to Houston, Tex., as agency manager of the Ralls-Schmidt Agency of that company.

M. S. Lazarus has been appointed unit manager of the Remole & Remole agency of the Guardian Life at Minneapolis. Mr. Lazarus is 32 and has been an outstanding personal producer of the Penn Mutual since 1925.

AS SEEN FROM NEW YORK

By R. B. MITCHELL

INTERPRETS CREDITOR EXEMPTION

An important interpretation of Section 55a of the New York insurance law has been rendered in B. G. Canariato, bankruptcy No. 56971, by Judge Woolsey of the United States district court. It was held that the insured may reserve to himself not merely the right to change the beneficiary but he may also reserve the right to receive cash surrender value and to exercise every other privilege under the policy and receive every benefit conferred by it without the consent of the beneficiary and at the same time protect his policies against creditors' claims.

FRASER URGES INCOME APPROACH

The American people are more interested than ever before in a definite, assured income, J. M. Fraser, general agent Connecticut Mutual Life in New York City, told Westchester County (New York) agents of the Travelers at their meeting in Tarrytown last week. Mr. Fraser urged agents to plan their selling talks on an income basis. He also advised them to pay no attention to

volume, but to concentrate on number of applications, letting the volume take care of itself.

Agents frequently overlook good sources of new prospects which they might easily cultivate, Mr. Fraser said. For example, an agent may sell a policy to the president or vice-president of a large concern and then fail to use the prestige thus developed to go on down the line and sell many of the junior officers and employees.

METHODS MUST BE INDIVIDUAL

The agent who is in a slump is likely to waste an undue amount of time and effort trying to adopt the methods of this or that star producer, overlooking his primary need of developing a system of scheduled production that will fit his own particular case, A. V. Youngman of the C. E. DeLong agency of the Mutual Benefit Life in New York City told Connecticut Mutual Life agents of the metropolitan New York territory at their meeting this week.

The number of closing interviews per day is the vital point around which to

build a production schedule, Mr. Youngman said. The only way an agent can determine accurately whether he shall stay in the business or get out of it is to decide the amount of first year commissions he needs to live on, then determine his average paid application, his average commission per thousand, his ratio of calls (outside of phone calls) to contacts; ratio of contacts to closing interviews, and ratio of closing interviews to paid applications.

J. M. Fraser, general agent Connecticut Mutual in New York City, conducted the meeting.

CHICAGO NEWS

NORTHWESTERN NATIONAL OPENING

The Chicago branch office of the Northwestern National Life, just recently opened in One La Salle Street building in sumptuous, well arranged quarters, is to hold a formal opening Friday afternoon. The office is on the 38th floor overlooking La Salle and



W. N. STAFFORD

Adams streets. It is richly furnished and is one of the finest life agency offices in the city, although it has been worked out on a basis that economizes on the square foot allotment per agent. There is a new agents' training room. For two months they are watched and if they qualify are given a two months' training course. The agency turnover, according to Manager W. N. Stafford is practically nil.

This office houses the general agencies of C. E. Pease and D. B. Ryan. Manager Stafford and H. B. Hoffman are maintained by the Northwestern National in Chicago to assist the company's five general agencies there. Mr. Hoffman has just been appointed agency supervisor, having for two years been manager of the life department of James S. Kemper & Co. in Chicago. Mr. Pease has been in life insurance work 14 years, formerly being with the Equitable of New York. Mr. Ryan has had something like 20 years' experience, and is a large personal producer as well as agency man, having paid for \$350,000 this year up to Sept. 1. Mr. Hoffman has had 11 years' life insurance experience, starting with the Cleveland Life in Cleveland, O., as agent, then general agent at Mansfield, O., for the Northwestern National Life. He later variously was agent for the Travelers, district manager Mutual Benefit Health & Accident and United Benefit Life of Omaha at Mansfield, O., manager life department Purmort Brothers of Van Wert, O., after they organized the General Mutual Life. He was transferred to Chicago, going with the Kemper company two years ago.

The Chicago offices of the North-

October 13, 1933

Mr. Young, an agent can be seen at the office of the National Life Insurance Company, 1000 North Dearborn, Chicago, Ill. He is the only agent in the city who has been placed in an open space in front of the office facing the entrance door. There is a library and reference room, policy illustration service and two medical rooms with a resident chief examiner.

SPAULDING MILLION AHEAD

The R. E. Spaulding agency of the Mutual Life of New York in Chicago is \$1,000,000 ahead in paid business in 1933 over 1932. The agency is conducting a training course Tuesday evening

for a period of ten weeks starting Oct. 17.

INSURANCE STOCK QUOTATIONS

Bacon, Whipple & Co., of Chicago give the following stock quotations:

	Par	Div.	Bid	Asked
Aetna Life	10	...	16 1/2	18
Col. Nat. Life	100	8.00	90	110
Conn. Gen. Life	10	.80	26 1/2	29
Cont. Assur., Ill.	10	2.00	26	28
Cont. Cas.	5	...	10	11
Life Co. of Va.	20	3.00	86	92
Lincoln Nat.	10	2.50	40	43
New World Life	10	...	4	6
No. Amer., Ill.	5.00	...	2	2 1/2
N. W. Natl.	5	...	11	12
Pac. Mutual	10	2.00	25	27
Preferred Accl.	5	...	10	12
Sun Life, Can.	100	...	370	390
Travelers Ins.	100	16.00	330	395

NEWS OF LIFE ASSOCIATIONS

South Dakota Sales Plan

Congress Will Be Held at Watertown Where Prominent Speakers Will Be Present

The South Dakota Association of Life Underwriters will hold a sales congress constituted by all of the local associations in the state, southern North Dakota and western Minnesota, at Watertown, S. D., on Oct. 21. This is the second event of this nature held by the state association this year and promises to be one of outstanding interest. In addition to the local talent a number of prominent men from outside will be present, including Roger B. Hull, managing director of the National Association; H. J. Cummings, vice president Minnesota Mutual, and other speakers. An invitation has been extended to C. Vivian Anderson, president of the National association.

The state association will have its annual meeting and election of officers the evening preceding the congress.

E. E. Kneedy, sales manager Midland National Life, Watertown, S. D., has charge of program arrangements. Officers of the state association are: Homer D. Hildebrand, Sioux Falls, president; A. R. Ferguson, Watertown, vice-president; J. A. Norris, Aberdeen, 2nd vice-president; Cliff H. Werrin, Watertown, secretary-treasurer.

Prominent Men at Cleveland

Program for Sales Congress Oct. 28 Includes Star Producers—Four Discussion Groups in Afternoon

CLEVELAND, Oct. 12.—The Cleveland Life Underwriters Association will hold its fall sales congress Oct. 28. At the morning session C. P. Dawson, production manager Beers Agency of the New England Mutual Life, New York, will speak on "Timely Suggestions on Prospecting and Selling," and Theodore M. Riehle, associate manager Riehle Agency Equitable Life in New York and vice-president National Association of Life Underwriters on "Cardinal Principles."

The afternoon session will split up into four discussion groups including three groups based on years spent in the business and the supervisors group. Group 1 will be led by Mr. Dawson, group 2 by H. J. Johnson, general agent Penn Mutual, Pittsburgh, who will talk on "Increasing the Effectiveness and Production Results of the Established Man," group 3 by L. C. Roth of the Clay Hamlin agency of the Mutual Benefit Life at Buffalo, who will talk on "Thinking Right"; supervisors group by Eric G. Johnson, associate general agent Penn Mutual, Pittsburgh.

At the close of the group meetings, the convention will reassemble for a closing address by George E. Lackey, general agent Massachusetts Mutual, Detroit, and past president of the National association. An attendance of 1,000 is expected.

R. B. Hull on Extended Trip

National Association Manager Is Making Many Talks in Middle West and Southwest

Managing Director R. B. Hull of the National Association of Life Underwriters is on a speaking trip which will take him to associations in the middle west and southwest during the next five weeks. He spoke in Springfield, Ill., Oct. 10, spending the rest of this week at the American Life Convention meeting in Chicago.

His itinerary from there will include St. Louis, Oct. 19; Watertown, S. D., sales congress, Oct. 21; Life Agency Officers Association meeting, Chicago, Oct. 23-25; Madison, Wis. (breakfast meeting), and Milwaukee (luncheon), Oct. 26; Minneapolis and St. Paul, Oct. 27; Lincoln, Neb., Oct. 28; Omaha (joint meeting with the Ad-Sell Club), Oct. 30; Kansas City, Mo., Oct. 31; Memphis, Nov. 2; Little Rock, Nov. 3; Texarkana, Nov. 4.

He will visit all the Texas associations the week of Nov. 6 in company with O. Sam Cummings, newly elected fourth vice-president National association and president of the Texas state association. From there Mr. Hull will go to Shreveport, La., to speak Nov. 13; New Orleans and Baton Rouge, Nov. 14; Mobile, Ala., Nov. 15; Montgomery, Nov. 16, and Birmingham, Nov. 17. He spoke at the Schenectady association meeting last week.

First New York Fall Meeting

Peyser Urges "Punch Approach" to Jar Prospect Loose from His Troubles and Worries

NEW YORK, Oct. 12.—The average prospect is so harassed by business troubles and his personal financial problems that it takes a "punch approach" to jar him loose from what he is thinking about and get him to pay attention to what the agent has to say, P. A. Peyser of the Keane-Patterson agency (New York City) of the Massachusetts Mutual Life, told members of the New York City Life Underwriters association at their first fall meeting.

"The agent gives a lot of time to the selection of his prospects and to what he will say to them, but very little thought to the mental attitude of the prospect himself," Mr. Peyser said.

Weighted Down by Worries

"The average man we call on is weighed down by worries about the NRA, business codes, strikes, personal and family worries. His secretary tells him a man wants to see him 'on a personal matter.' If the man gets in he says he is in the life insurance business but probably immediately states that he isn't there to sell life insurance. He mentions contingent beneficiaries, avoidance of income or inheritance taxes and tries to get the prospect's

policies to look over. But the prospect has too much on his mind to be very much worried about what he considers minor details. At best he will probably agree to get the policies out of his safe deposit and let the agent have them. This means another trip for the agent and the likelihood that the prospect will have lost what little interest he may have had. Only after he has done all this work does he try to make a sale, and he is really little farther along than he was on the first call.

"The agent must make his statements, right from the first moment of the interview, so startling and yet so true that the prospect cannot fail to give his full attention. For example, in a family income presentation, 'How much of your present insurance will guarantee your family 12 percent and still pay the principal sum?' or 'The company I represent will guarantee your family \$100 a month for the next quarter of a century and a fund of \$10,000 besides, for a payment of 80 cents a day. Or if you live to retirement age, it will pay you \$10,000.' Most prospects will say, 'What kind of policy is that?'"

Grand Rapids—H. J. Van Wolvlear, Prudential, was elected president Grand Rapids association. Other officers are

W. H. North, Bankers Life, and Frank Ulrich, Mutual Benefit, vice-presidents; D. J. Porter, Equitable of New York, secretary-treasurer.

Ontario—C. H. Rooke, manager of the Canada Life at Kingston, has been appointed provincial vice-president to fill the vacancy caused by the resignation of Frank Robinson of Canada, who recently was appointed manager at Montreal.

Oklahoma—The 1934 sales congress has been tentatively set for Jan. 27. Roger B. Hull, general counsel National association, will speak.

Port Wayne, Ind.—Prof. J. R. Schutz of Manchester College spoke at the last meeting on "Our Job." He pointed out that life insurance had demonstrated during the last four years that it was the best form of investment and that it enables the professional man to protect his earnings.

Salt Lake City—Nearly 100 attended the opening meeting. Commissioner E. A. Smith, Jr., and the Rev. T. G. Lilley of the First Presbyterian Church spoke. Commissioner Smith outlined a proposed insurance code for Utah and urged his hearers to get back of it.

Peoria, Ill.—At the first fall meeting the committee asked seven members to give eight minute talks on their own experiences. The speakers and their

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Some of the Booklets we Publish to Help Our Agents!...

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Among them are personal budget books, 44 reasons for life insurance protection, a typical retirement income case, The Southland house organ, and others.

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Consulting Actuary

Associate
Fred E. Swartz, C. P. A.
E. P. Higgins

THE BOURSE

PHILADELPHIA

subjects were as follows: Dr. J. H. Pearce, Connecticut Mutual, "Motivating"; James B. Scott, Prudential, "Opener Most Important"; H. C. Portwood, Bankers Life, "Mental Attitude"; Walter Faner, Metropolitan, "Taking Care of Your Business"; E. L. Coberly, Pacific Mutual, "Grub Stake"; Jim Hack, New York Life, "Systematic Selling"; Roy Davis, Aetna Life, "Whipping Depression."

At the October meeting Oliver Thurman, vice-president Mutual Benefit Life, will speak.

* * *

Akron, O.—At the meeting of the Akron association President E. C. Noyes introduced the program chairman, H. T. Waller, who outlined the meetings for the year. C. Vivian Anderson of Cincinnati was the guest speaker.

* * *

Lansing, Mich.—At the first fall meeting it was voted to invite the Michigan State association to hold its annual meeting here again this fall.

C. E. Purdy, Detroit manager Canada Life, spoke on "Selling Life Insurance Under Present-Day Conditions."

* * *

Des Moines—A resolution commending President Roosevelt for resisting proposed inflationary moves was passed unanimously. Lara Good, ordinary manager of the Prudential at San Diego, Cal., spoke on "Economic Problems of Today and Tomorrow."

C. L. U. educational classes sponsored by the Des Moines association will begin Nov. 14 and continue until June.

* * *

Chicago—E. B. Dudley, manager life department Travelers branch office in Chicago, was appointed chairman of the general agents and managers division of the Chicago association by President R. L. Davis, with unanimous approval of the board.

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Kansas City, Mo.—The first fall meeting will be held Oct. 30 with Roger B. Hull, managing director of the National association, as speaker.

* * *

Missouri—At a meeting at Jefferson City, Oct. 14, plans will be considered for education, legislation and higher business standards. Superintendent O'Malley will talk. H. A. Hedges, general agent Equitable Life of Iowa at Kansas City, will be the principal speaker on "Piddlers, Peddlers and Salesmen."

* * *

Boston—H. L. Pope, Mutual Benefit, New Bedford, Mass., spoke on "One Hundred and One Ways" at a luncheon.

Globe Life in New Quarters

SAN FRANCISCO, Oct. 12.—The Globe Life has moved into its own home office building at Sansome, Sutter and Market streets here. The structure, which was formerly known as the Flatiron building, is now more than 90 percent occupied by the offices of the Globe Life and Empire Insurance Agencies, which will perform all underwriting and business development functions of the life company. O. E. Hunt is president of the Globe and Andrew Silvers, underwriting agency counsel. Sam Sadowski, vice-president and general manager, is also president of the Empire Insurance Agency.

C. W. Hollebaugh is manager of agents. For 12 years Mr. Hollebaugh has been active in life insurance promotion work, being on the coast for the last nine years.

Dr. D. E. F. Easton is medical director. He was an examiner for the New York Life for 34 years, 17 years of which he was chief medical examiner at San Francisco.

Veteran Staff Man Dead

S. M. Dunn, who died recently from an appendicitis operation in Newark, had been with the home office of the Mutual Benefit Life for 44 years, the last 13 as registrar.

John and Edwin Elstach, brokers in Los Angeles, consummated the deal whereby the new Postal Union Life of their city takes over the California business of the Pacific States Life.

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

Pacific Mutual Changes Made

Nonparticipating Income Insurance Rates Are Generally Revised
—Forms Are Discontinued

The Pacific Mutual has made a general revision of its non-participating premiums for income insurance to meet present economic conditions. There has been no change made in premiums for participating income policies except that on retirement income with insurance to age 60 or 65, there has been made a distinction in premiums between male and female risks, the latter being higher.

A radical change has been made in the premium setup for joint insurance. Heretofore premiums have been quoted for every combination of ages for two lives between 20 and 60, but now are quoted on the basis of joint equal ages.

Nonparticipating rates for ordinary life continuous monthly income policies with 120 and 240 months certain periods have been slightly modified, but no change made in nonparticipating premiums for 20-payment life, continuous monthly income policies.

The insurance with life income policies have been withdrawn from the market. The company soon will bring out a new income bond. The nonparticipating annual premium and single premium retirement income bonds were withdrawn from the market, Oct. 1.

The new rates for ordinary life and 20-payment life nonparticipating, continuous monthly income of \$10 a month for 120 and 240 months certain period for contracts with beneficiaries ages five or under, 10, 20, 30, 40 and 50 years, respectively, the second column showing reduced rates if beneficiary dies, and new joint rates, participating and nonparticipating, are:

Ordinary Life—240 Months Certain

Age	Reduced	10	20	30	40	50
20.....	\$ 24.25	\$22.35	\$20.20	\$18.20	\$16.45	\$15.10
25.....	27.25	26.40	23.85	21.50	19.60	18.15
30.....	29.45	40.25	37.05	34.25	31.95	30.40
35.....	34.90	48.10	44.10	40.50	37.80	35.95
40.....	42.20	59.00	53.90	49.25	45.65	43.40
45.....	51.95	73.90	67.55	61.40	56.50	53.50
50.....	64.85	94.25	86.45	78.15	71.30	67.00
55.....	82.10	122.20	112.50	101.55	91.70	85.20
60.....	107.30	162.40	150.45	136.10	125.15	112.30
65.....	142.90	218.05	203.35	184.90	165.60	150.85

20 Pay Life—240 Months Certain

Age	Reduced	10	20	30	40	50
20.....	\$ 37.85	\$49.05	\$45.90	\$43.00	\$40.50	\$38.80
25.....	41.25	53.60	49.90	46.70	44.00	42.20
30.....	45.25	59.45	55.10	51.25	48.25	46.30
35.....	50.25	67.05	61.80	57.15	53.65	51.40
40.....	56.50	76.95	70.70	64.90	60.50	57.80
45.....	64.55	90.10	82.65	75.35	69.60	66.20
50.....	75.20	107.75	99.00	89.80	82.10	77.40
55.....	90.65	132.90	122.65	111.05	100.65	93.90
60.....	112.00	168.75	156.65	142.10	127.90	118.00
65.....	146.60	220.75	206.05	187.60	168.30	153.55

Ordinary Life—120 Months Certain

Age	Reduced	10	20	30	40	50
20.....	\$ 14.20	\$20.10	\$26.85	\$33.75	\$40.90	\$48.25
25.....	15.95	24.10	30.20	36.45	43.15	50.25
30.....	17.25	28.70	35.95	42.30	49.20	56.30
35.....	20.45	46.55	40.80	34.90	29.75	25.85
40.....	24.75	57.35	50.55	43.10	36.25	31.00
45.....	30.45	72.15	64.15	54.80	45.70	38.45
50.....	38.00	92.50	83.10	71.50	59.35	49.15
55.....	48.10	120.60	109.40	95.05	79.00	64.50
60.....	62.90	160.40	147.10	129.40	108.30	87.65
65.....	83.75	214.40	198.45	176.70	146.55	121.00

20 Pay Life—120 Months Certain

Age	Reduced	10	20	30	40	50
20.....	\$ 22.20	\$44.10	\$39.30	\$34.65	\$30.30	\$26.70
25.....	24.15	48.70	43.10	37.65	32.80	28.85
30.....	26.55	54.75	48.25	41.75	36.05	31.65
35.....	29.45	62.60	55.10	47.30	40.35	35.10
40.....	33.10	72.95	64.35	54.95	46.30	39.80
45.....	37.85	86.35	76.85	65.75	54.85	46.35
50.....	44.10	104.40	93.85	80.80	67.05	55.65
55.....	53.15	129.50	117.65	102.40	85.20	69.75
60.....	66.25	164.90	151.40	133.40	111.85	90.90
65.....	85.35	218.00	200.05	178.30	151.05	122.60

Joint Insurance

Age	Ord.	20 Pay	Ord.	20 Pay
20.....	\$ 28.50	\$38.50	\$54.20	\$21.59
25.....	31.30	41.15	55.10	23.73
30.....	35.05	44.50	56.45	26.57
35.....	40.10	48.90	58.65	30.38
40.....	46.90	54.70	62.10	35.53
45.....	56.25	62.65	67.70	43.29
50.....	69.20	73.85	78.80	55.91
55.....	87.50	90.20	91.55	70.87
60.....	113.70	114.80	115.25	92.37

Has Increasing Income Form

Union Central Writing Flexible Annual and Single Premium Contracts With Cash Values

The Union Central is writing an increasing income policy on \$100 annual premium basis or with \$1,000 single premium per unit. The contract is being announced to the field this week. It is highly flexible, permitting the policyholder at any time to select any retirement age when income is to start, and to change beneficiary at will.

Both contracts carry cash values. Two options are available, either to take a monthly life annuity or a monthly refund life annuity.

Contracts Participating

In addition, dividends are to be paid, depending upon the interest earned. It will be seen that the longer the policyholder waits, the larger will be his annuity income, not alone due to the factor of advanced age, as applies with all annuities, but also because the deferring of income payments permits the accumulation of a larger principal, as indicated by the cash values for both contracts.

Large Yield Estimated

The company has estimated that a satisfactory compound interest return from this contract may be expected. In the case of the single premium form, figured over ten years, if the yield continues as at present, compound interest return of 4 percent may be expected; if yield returns to the former 5 percent rate, the return would approximate 4½ percent compounded. Over a 20 year period, it is estimated, the compound interest yield on the contract would be, respectively 4¼ percent and 4½ percent. The income payable on both contracts for males at three retirement ages, 55, 60 and 65, and cash values are:

Income Per \$100 Annual Premium						
Male						
Age	Life Ann. fund	Age 55 Re- Ann. fund	Life Ann. fund	Age 60 Re- Ann. fund	Life Ann. fund	Age 65 Re- Ann. fund
20.....	42.55	38.46	61.35	53.96	88.94	75.41
25.....	32.87	29.71	48.30	42.49	71.01	60.46
30.....	24.72	22.34	37.31	32.82	55.90	47.60
35.....	17.86	16.14	28.06	24.68	43.18	36.77
40.....	12.07	10.51	20.27	17.83	32.47	27.65
45.....	7.27	6.57	13.71	12.06	23.46	19.87
50.....	3.21	2.90	8.26	7.26	15.86	13.51
55.....	.....	.....	3.64	3.21	9.56	8.14

End of Yr.	Cash of Value	End of Yr.	Cash of Value	End of Yr.	Cash of Value	End of Yr.	Cash of Value
1.....	59	13.....	\$1,506	25.....	\$3,711	37.....	\$3,711
2.....	160	14.....	1,657	26.....	3,393	38.....	3,393
3.....	263	15.....	1,812	27.....	4,176	39.....	4,176
4.....	371	16.....	1,975	28.....	4,426	40.....	4,426
5.....	482	17.....	2,142	29.....	4,672	41.....	4,672
6.....	596	18.....	2,316	30.....	4,935	42.....	4,935
7.....	715	19.....	2,495	31.....	5,206	43.....	5,206
8.....	837	20.....	2,681	32.....	5,487	44.....	5,487
9.....	964	21.....	2,873	33.....	5,777	45.....	5,777
10.....	1,092	22.....	3,072	34.....	6,077	46.....	6,077
11.....	1,224	23.....	3,278	35.....	6,389	47.....	6,389
12.....	1,360	24.....	3,491	36.....	6,710	48.....	6,710

Single Premium—Male						
	Age 55	Age 60	Age 65	Age 70	Age 75	Age 80
Age	Life Re-Ann. fund	Life Re-Ann. fund	Life Re-Ann. fund	Life Re-Ann. fund	Life Re-Ann. fund	Life Re-Ann. fund
	\$	\$	\$	\$	\$	\$
20.....	21.09	19.06	28.43	25.01	39.09	33.25
25.....	17.76	16.05	23.93	21.05	32.91	28.02
30.....	14.95	13.51	20.15	17.73	27.70	23.59
35.....	12.59	11.38	16.97	14.93	23.33	19.86
40.....	10.60	9.58	14.29	12.57	19.64	16.73
45.....	8.92	8.07	12.03	10.58	16.54	14.08
50.....	7.51	6.79	10.13	8.91	13.92	11.85
55.....	.....	.....	8.53	7.50	11.72	9.89
60.....	.....	.....	.....	.....	9.87	8.40

End of Yr.	Cash of Value	End of Yr.	Cash of Value	End of Yr.	Cash of Value	End of Yr.	Cash of Value
1.....	973	5.....	\$1,125	20.....	\$1,890	35.....	\$2,245
2.....	1,017	10.....	1,340	25.....	2,245	40.....	2,666
3.....	1,053	15.....	1,591	30.....	2,666	45.....	2,666

20 premiums forms, and also on the ordinary life and 20-pay income contracts providing \$10 monthly income for 240 months certain. The new rates at five-year ages are:

Age	\$10 Monthly Income, 240 Months Certain			
	End. at 85	20	Ord.	Pay
	Con.	Prem.	Life	Life
10	\$11.62	\$19.36	....	....
15	12.71	20.61	....	....
20	14.10	22.24	22.65	37.82
25	15.85	24.21	25.64	41.17
30	18.12	26.62	29.35	45.22
35	21.07	29.56	34.26	50.21
40	25.01	33.24	40.67	56.45
45	27.71	37.98	49.27	64.46
50	30.32	44.29	61.19	75.12
55	47.92	52.91	77.31	89.68
60	62.31	65.12	99.55	110.26

Huntington Tells Investment Task

(CONTINUED FROM PAGE 2)

in the prosperity of the businesses which flourish in those cities. Just now city finances have felt the rub and those which are well managed are more easily picked out. Railroads may be expected to continue to decrease in relative importance. The period of building is over and the amount invested in railroads will increase very slowly.

There should be diversification within each class of security. Every separate item aids to spread the risk. Too much should not be held in any one concern.

Common Stock Question

Mr. Huntington said he believes if wisely and sparingly invested in, common stocks are suitable. Common stock of the Norfolk & Western or the American Telephone & Telegraph is preferable to bonds of any of the railroads or public utility corporations now in the hands of receivers. The kind of security is not a necessary indication of its worth under all conditions. If the gold content of the dollar is lowered, he said, a small investment in common stocks may prove to have been good diversification.

Diversification is a slow process and constantly changing. The investment department must be constantly on the alert. Somersaults may be turned in financial matters as often as circumstances demand it. A broad view of the affairs of the country must be taken. The overhead for a statistical financial bureau may seem large to a small company, but the expenditure will pay for itself, if the right man is picked to head it. He must not necessarily be a stock and bond man but an intelligent person, interested in political economics and statistics.

"A good rule to follow in all financial matters and particularly in diversification is, 'When other people run, you walk.' A properly diversified list of securities is to be attained and held only by unremitting attention and by taking advantage of opportunities as they appear," he concluded.

Robbins Explains Home Loan Plan

(CONTINUED FROM PAGE 3)

lateral. Loans put up as collateral must not be in default.

It was found that laws of many states did not permit any of the institutions named as eligible members to purchase stock in any bank, and legislatures were immediately called upon in the winter session of 1933 to amend the laws. However, it soon became apparent that the structure of the law was such that practically the only institutions which could avail themselves of the privileges were building and loan associations. Only three life companies have made application for membership in the bank and only one at the present time is a member. Colonel Robbins said the membership of all of the banks is almost exclusively building and loan as-

sociations and in his judgment this condition will continue.

He said it probably will be some time before the member banks will be under the necessity of issuing bonds.

Urges Definite Rule Be Devised

(CONTINUED FROM PAGE 5)

It will be objected that it would increase sales resistance. Other cogent reasons against such a provision will be advanced. But if so, I shall be tempted to retort: Just another proof that the claim department—and that includes lawyers—lives and thrives on the folly of the sales department."

Downward 1934 Dividend Scale Revision Expected

(CONTINUED FROM PAGE 3)

and the need of a high degree of liquidity and large bank balances because of policy loan and surrender demands and the general uncertainty of business conditions. Policy loans are of course an exception to the general rule that high grade investments yield a low return, but loans to policyholders are for such small average amounts and involve so much clerical work in proportion to their size that their effective yield is greatly cut down as compared with the interest rate paid by the policyholder.

If the improvement in general business conditions continues throughout next year there will naturally be policyholders who will chafe at having their dividends reduced in the face of a continued upturn. However, it is believed that the vast majority of policyholders will accept 1934 reductions in the same spirit of understanding and cooperation in which they took earlier cuts.

Interesting Papers Read at Legal Section Meeting

(CONTINUED FROM PAGE 2)

complicated legal points he said the answer must be "No" to the three questions which arise: Is sunstroke within the framework of the usual accident policy insuring against external violence and accidental means? Is there conflict in the federal circuits regarding the rules to be applied in sunstroke cases? Is sunstroke bodily injury?

Seebree Discusses Sunstroke

S. B. Seebree of Kansas City, Mo., Midland Life, in discussing the paper said there are now four federal cases in the courts involving sunstroke. He said that it is within the range of possibility that the supreme court may hold it to be a disease. Sunstroke, he said, is due to a condition of the body when the perspiratory ducts or the breathing apparatus are not properly functioning. Some people, he said, are more sensitive to heat or any effort mental or physical, that may enhance bodily heat. He said it is difficult to prove, however, that a victim has been subject to heat sensitivity. Medical evidence, he said, is very important in dealing with these cases. Medical men, he said, will know much more about heat sensitivity in the future.

Discusses Representations, Warranties

John R. Schindel, general counsel Columbia Life, Cincinnati, discussed in an elaborate paper the effect of the policy provision that in absence of fraud all statements in the application shall be deemed representations and not warranties. The rule generally places the burden of proof on the insurance company, he said, of proving the essentials of the statute in the state where the litigation arises, whether the company is defending or attempting to cancel the policy.

Too often the courts in practically all jurisdictions are prone to overlook the fundamental fact that a meeting of minds is essential to the making of a valid contract and where misrepresentation of a material fact occurs there is in truth no contract.

W. Calvin Wells of Jackson, Miss., general counsel Lamar Life, discussed the paper by General Counsel Schindel of the Columbia Life of Cincinnati in which he followed the development of the rule as to distinction between representations and warranties in the application. He said the perplexing question in the defense of suits on policies on account of false representation lies in the uncertainty as to whether the court will take judicial notice of the materiality of a false answer or whether evidence should be introduced to establish the materiality of such false representation.

Hamilton Gives Warning

Great care should be exercised in taking a deed when acquiring title through foreclosure, Dexter Hamilton, of general counsel Southwestern Life, Dallas, stated in his paper on this subject. He offered a number of suggestions to fortify life companies' positions in such transactions.

There are a number of benefits derived from acquiring title to real estate by deed rather than through foreclosure, Arthur S. Lytton of Bull, Lytton & Olson, Chicago attorneys, stated in his discussion of Mr. Hamilton's paper. There is eliminated any period of redemption, possession is gained immediately, with benefits of current rentals and avoidance of possible waste and deterioration. There are avoided the delay and expense of foreclosure, fees of masters in chancery, commissions on sales, publication fees and charges of receivers and counsel.

Attorney F. E. Spain of Birmingham, Ala., spoke on "Mysterious Disappearances" declaring that the subject conjures up many interesting stories that are gripping. He contented himself, however, with a discussion of the presumptions of law and facts, "statutes of limitation," proofs of claim and other legal formulae. He cited the chief cases and authorities on such claims.

Mysterious Disappearance Discussed

Tuesday's session of the Legal Section opened with an interesting paper on mysterious disappearances by Frank E. Spain, general counsel Liberty National Life of Birmingham.

The discussion was led by J. C. Smith, general counsel Jefferson Standard Life who stated that he agreed with Mr. Spain that the minority rule viz. that the continuance of life is presumed until shown to have ended or until the presumption of its continuance yields to the presumption of death, and that at that moment it ceases, is preferable to the majority rule that presumption of death is only an actual presumption of death and not the time of death, and that the time of death must be established by other proof. Mr. Smith also stated that he believed that if the companies would include in their policy the provision recommended by Mr. Spain much of the difficulty in disappearance cases would be removed and that many of the cases which will have to be dealt with in 1936 to 1940, because of the depression beginning after the panic of 1929 would not arise if the sentence had been included prior to 1929.

Proposed Provision for Policies

On motion of James C. Jones of St. Louis the association passed a resolution that the chairman appoint a committee to study the question of the advisability of including in the policy some such sentence as that recommended by Mr. Spain, which is as follows:

"If the insured shall disappear and not be again heard of in this life, the company's liability hereunder to pay for the death of the insured shall not arise until seven years after the insured's disappearance shall have been certified to the

company in writing and shall not then arise unless (a) all premiums have been paid as herein provided keeping this policy in force until seven years have elapsed and (b) the death of the insured shall be shown by competent or legal presumption to have then occurred, and (c) the beneficiary or person to whom payment is due shall give bond conditioned to refund said payment to the company if the insured shall reappear."

C. J. Cover, assistant counsel the Lincoln National Life, read an interesting "Analysis and Restatement of the Law Relating to Agreements of Reinsurance." He said that the word "reinsurance" is used to denominate two types of contracts, differing vastly in nature. In its primary use it denominates a contract wherein one insurer undertakes to indemnify another insurer against all or a portion of the risk to which the latter is exposed under a contract of insurance. In its secondary use, it denominates a contract wherein one insurer seeks to transfer to another insurer his rights and duties under all or a substantial portion of the insurance contracts to which he is a party.

Three Fundamental Doctrines

The three fundamental doctrines which govern the first division are: First, the subject matter of such a contract is a risk or liability of the reinsured under the original insurance. Second, such contract is entirely separate and distinct from the original insurance to which it relates. Third, such a contract is one of indemnity.

The essence of the second division is the attempt to substitute the reinsurer for the reinsured under insurance contracts to which the latter is a party. Aside from the right of the policyholders to object, the power of the companies to make such reinsurance contracts may at times be questioned. Statutes may attempt to regulate the contents of such reinsurance contracts. In any case, the original assured has the selection between holding the original insurer and accepting the new contract. The discussion was led by Claude H. Voorhees, Connecticut General Life.

The resolutions committee, Allan May, General American Life, chairman, presented appropriate resolutions on the deaths of four members: E. M. Grossman of St. Louis, Central States Life; W. F. Seay, Southland Life, H. B. Arnold, president Midland Mutual Life, E. M. Martin, Guarantee Mutual Life. Mr. Grossman had been chairman of the Legal Section. Mr. Arnold had also been chairman and more lately president of the American Life Convention.

Financial Topics of Great Concern

(CONTINUED FROM PAGE 1)

dicted there will be a loan made every minute. He said a liberal policy of foreclosure has been adopted. No farmer will be dispossessed so long as he is honestly trying to make both ends meet and is industrious.

Col. C. B. Robbins, president of the Cedar Rapids Life, and former president of the American Life Convention, told about the history and activities of the Federal Home Loan Bank, he being president in his district. In fact, the morning program of the Financial Section dealt largely with the federal plans of assisting people and institutions in this time of distress. The whole morning program was based on current activities in which life companies are vitally interested.

Col. R. T. Stuart a Speaker

Col. R. T. Stuart, president Mid-Continent-Life of Oklahoma City, who has not heretofore appeared on an American Life Convention program, and who is one of the prominent business men of the southwest, told about the Home Owners' Loan Corporation. E. B. Raub, Jr., associate counsel, Lafayette

Life, dwelt on moratoria and tax relief, while General Counsel Sol Esarey of the United Mutual Life of Indianapolis centered his paper on the Wilcox bill and the provisions for municipal bankruptcy.

Menace to Municipal Credit

On motion of R. T. Byers, American Central, a resolution was passed to the effect that the Financial Section believes that the Summer-Wilcox municipal bankruptcy bill pending in Congress would be a menace to municipal credit and recommends that the executive committee of the American Life Convention take such action as it deems advisable to protect the best interests of bondholders and municipalities.

At the afternoon session, A. E. Pequegnat, assistant general manager Mutual Life of Waterloo, Can., read a comprehensive paper on municipal and corporate finance in Canada showing what had been done to assist weaknesses. Chairman MacDonald remarked that he did not believe that the Dominion would allow any Canadian province to default on its securities. O. J. Lacy stated that there being 200,000 taxing units in the country with 1,000 defaults, there should be nothing done to encourage municipal bankruptcy.

J. E. McPherson, treasurer Business Men's Assurance, was the last speaker, he talking on, "Contracts with Mortgage Loan Agents."

Col. C. B. Robbins Speaks

President C. B. Robbins of the Cedar Rapids Life discussed the "History and Activities of the Federal Home Loan Bank" before the Financial Section Tuesday. He considers it permanent and says it will continue to function through the years and to be of tremendous value to all institutions making long time loans on dwelling houses on the amortization plan.

Sol H. Esarey, general counsel United Mutual Life of Indianapolis,

read a carefully prepared paper on municipal credits, digesting provisions of Congressional bill No. 5950, passed by the house of representatives and to be acted on by the senate at the next regular session. This act might be invoked, Mr. Esarey said, by any or all municipal or governmental corporations or districts, however small, except the state itself. He quoted the standing committee on commercial law and bankruptcy of the American Bar Association which reported this an unwise governmental policy as it points the way to evasion or postponement of payment of public obligations.

E. B. Raub, Jr., on Moratoria

Edward B. Raub, Jr., associate counsel La Fayette Life, La Fayette, Ind., discussed the interesting question of "Moratoria and Tax Relief." He said taxes seriously have affected the desirability of real estate as an investment. The valuation of land for tax purposes has not fluctuated proportionately with the actual value thereof, thus focusing attention on the whole problem of taxation.

President R. T. Stuart's Address

R. T. Stuart, president Mid-Continent Life of Oklahoma City, in addressing the Financial Section urged cooperation of the insurance companies in seeing that appraisals to determine valuation of the property securing the loans which must be refinanced by the Home Owners Loan Corporation are made on a fair and proper basis, so that "normal" values may be reestablished. Unfair appraisers should be reported to the proper authorities, he said. When the bonds of the Home Owners Loan Corporation are issued on the proper basis they should prove to be stable investments, he declared. The companies should remember that homes and farms constitute the basic wealth of the country and are the best security.

A discussion on municipal and cor-

porate finance in Canada was presented by A. E. Pequegnat, assistant general manager Mutual Life of Canada to the Financial Section. Over-expansion of the new territory in the west and general municipal problems created by the depression have led to defaults of \$85,000,000 by Canadian municipalities of their \$1,350,000,000 in funded obligations. In reviewing the industrial situation, Mr. Pequegnat said the mushroom growths of the newsprint industry and the steamship business have left them in a discouraging situation. Public utilities and railroad securities are in good condition.

Contracts with mortgage loan agents were discussed by J. E. McPherson, manager Business Men's Assurance. Many able loan agents have been forced out of business through the depression which means that companies have had to make new contacts in servicing the existing loans. Inasmuch as mortgage loans amount to 40 percent of life insurance assets, careful consideration must be given to the selection of loan agents.

Company Exploitation Is Hit by President Boone

(CONTINUED FROM PAGE 1)

corrected is found in connection with the organization of new life insurance companies. Statutes should be enacted that will prevent outrageous misrepresentations, both printed and oral, that are too frequently made in the sale of stock to the public in connection with these promotional enterprises. These corrections can, in a measure, be made by the limitation of promotion expenses and by compelling printed sales documents to be first submitted to and approved by the supervising authorities. The National Securities Act recognizes this evil as present in all types of business."

Warns of Unsound Underwriting

Dangers of unsound underwriting practices were cited by Mr. Boone. The addition to policy contracts of innumerable frills and furbelows is leading to dangerous ground, he said. An outstanding example is the addition of the casualty benefits—total disability and double indemnity—at inadequate rates which continue to cost the companies millions of dollars annually. He also deplored the competitive lowering of rates, expense loadings and surrender charges. The administration officers of life companies must accept full responsibility for the exploitation in the field of banking, a practice which has been encouraged and is largely responsible for the embarrassment that came to the companies the past year. Mr. Boone urged the meeting of these issues squarely and not to wait until they assume proportions that makes them difficult to control.

The executive staff of the convention worked under a severe handicap the past year because of the important problems it has been called upon to deal with, reported Mr. Boone. "It has been indeed a very busy year for the convention as such, and a most trying one for individual company managements, but life insurance has again stood the test, and its strength and infallibility have been clearly demonstrated to the world."

Helpful Sales Ideas Given by Two Company Officials

(CONTINUED FROM PAGE 11)

and follow sound principles in prospecting.

Prospecting, he claimed, was the biggest single factor in selling today and the key to selling. Another factor to be noted today, Mr. Phipps said, was that the average policy sold today was considerably smaller than those sold a couple of years ago. He urged the agents to sell more small ones and not

spend too much time trying for big risks. To do this they must see a few more people and spend a few more hours in the field.

A third factor to be recognized is that people to whom one attempts to sell life insurance today are holding on to their dollars a little more tightly because they appreciate the value of the dollar today, he said. He asserted the proceeds dollars in life insurance must more today and that this point should be stressed.

People, today, he pointed out, are more intelligent than ever before as regards the subject of life insurance. They talk about it among themselves. In selling it, the agents are talking to people who appreciate the value of it. Therefore, the agent must approach them as intelligent individuals in the presentation.

Urges Giving True Picture

Another factor is that people to whom the agent talks insurance are looking for safety and security and they are trusting their well-being for the future in him. He urged the agents, therefore, to develop themselves so they would be able to give their prospects a true picture of the company they represent.

The sixth cognizant factor in selling today, Mr. Phipps concluded, was that people want to know how much they are going to get and how much they will have to pay. They want concrete facts. The agent who can give them is fortunate to be able to do so in his selling of the goods. In closing, Mr. Phipps urged the men to try to be intelligently and honestly enthusiastic in their selling, because enthusiasm is contagious.

Elliott Sees Life Insurance a Highly Unified Business

(CONTINUED FROM PAGE 11)

in 26 states, temporarily giving insurance departments broad powers. Premium tax statutes were passed in a number of states.

Mr. Elliott gave great credit to insurance commissioners in the way they met the emergency when banks closed in March. Only 11 states have not completely rescinded the emergency regulations or indicated a date when this will be done. Enforcement has been lessened. No regulations interrupted insurance covenants in the contracts. The restrictions have not caused a dollar of loss to policyholders.

One of the most important legal questions arising from the period of policy restrictions is the effect of application by the policyholder to take surrender value. Authorities appear to agree that where the policyholder made such application, received part but not all of the surrender value, he has made an election such that upon his death the company is liable only for the balance of the surrender value.

Reports on Year's Results

The agency bureau of the A. L. C. was well patronized in the year, Mr. Elliott said, receiving and reporting 3,559 cancellations of agents' contracts for non-production and 908 for cause. Cancellations for non-production decreased considerably from the 8,600 last year.

The American Service Bureau experienced remarkable stability of business and ended the year with a profit. The supervisory staff was enlarged and an increasing number of special surveys made. Special investigations have been made of fraud rings preying on companies.

Mr. Elliott reported the A. L. C. in sound financial condition, the treasurer collecting \$84,340 and disbursing \$87,978, with \$42,997 cash balance.

Albion C. Deane, department of publications of the Prudential home office, has been appointed major of the Pas-saic, N. J., NRA in charge of publicity.

WOODMEN of the WORLD LIFE INSURANCE ASSOCIATION

OMAHA, NEBRASKA Statement—July 1, 1933 DE E. BRADSHAW, Pres.

ASSETS

Government, County and Municipal Bonds (Book Value).....	\$103,205,035.33
Loans on Certificates.....	3,355,877.48
Loans on Real Estate (1st Liens).....	633,009.02
Real Estate.....	1,134,273.97
Cash in Depositories and Office.....	2,023,259.66
Assessments and Installments in Hands of Financial Secretaries.....	611,225.40
Interest Due and Accrued (Estimated).....	2,218,832.90
Other Assets.....	506,098.47
Total Assets.....	\$113,887,612.23

LIABILITIES

Mortuary Claims in Process of Adjustment.....	\$ 903,965.11
Mortgage Payable.....	250,000.00
Miscellaneous.....	112,319.42
Total Liabilities.....	\$ 1,266,284.53
Certificate, Contingent and Other Reserves.....	112,621,327.70
Total.....	\$113,887,612.23

PROTECTION---

*when and where it
is needed---*

THE EMANCIPATOR PLAN---

*the low-cost modified life
contract copyrighted by---*

The Lincoln National Life Insurance Company, Fort Wayne, Indiana.

October 13, 1933

Answers to C. L. U. Degree Examination

GENERAL EDUCATION

(CONTINUED FROM LAST WEEK)

Question 4

(a) If the federal government has authority over foreign and interstate commerce and the states have authority over the manufacturing and other forms of production, how can Congress pass a pure food and drug law and a protective tariff?

(b) Mention any two laws, federal or state, which have been passed for the regulation of business and explain:

(1) Are their terms clear or indefinite?

(2) Are they enforced by the courts only or is an administrative authority provided to aid in their enforcement?

(3) Can you point to any results of their operation?

Answer to Question 4

(a) Congress has the power to pass a pure food and drug law because of its constitutional right to regulate interstate commerce. This power, however, is limited to the regulation of foods and drugs which enter interstate commerce. There is no right on the part of Congress to regulate manufacturing or transactions within any particular state. The constitution gives Congress the right to regulate foreign commerce and to impose duties on imports. Either of these constitutional powers enables Congress to pass a protective tariff.

(b) The Interstate Commerce act of 1887 was passed by Congress to regulate the railroads.

(1) Its terms have been reasonably clear, although the act has had to be supplemented by a number of other important laws, some of which are: the Mann-Elkins act, the Hepburn act, and the Transportation Act of 1920.

(2) These laws are enforced by the Interstate Commerce Commission, appointed by the President; its decisions are subject to review by the courts.

(3) These acts have corrected many of the evils which existed, such as: relates to shippers, either in actual rate reductions or preferential treatment as to service; variations in rates for purposes of demanding what the traffic would bear; monopoly control of competing lines; engaging in business other than the transportation of goods, and refusals to ship for competing interests.

The Interstate Commerce Commission has corrected these evils through regulations and fines. They are attempting to value the railroad properties on an equitable basis for rate-making purposes. They have put into effect a standard classification of accounts which has made cost comparisons possible, and has eliminated unfair padding of expenses. The commission is now engaged in the formulation of a plan for the consolidation of the various railroad systems for the purpose of securing more efficient operation.

The Pennsylvania public service commission law is a good example of a state law for the regulation of the utilities within the state. These include electric power and light, gas, street railway, and water companies.

(1) The terms of this law are fairly clear, but in many cases court interpretations are necessary, and frequently the commission finds it difficult to carry out the task allotted.

(2) Enforcement is by the commission, an administrative body appointed by the governor. Decisions of the commission are subject to review by the courts.

(3) The essential monopoly character of these industries having been recognized, it became necessary to put them either under governmental control or operation. The former course has been chosen and the commission established for regulatory purposes. This system

has prevented duplication of services, discrimination, and excessive charges for services. Although the commission has been criticized for not securing lower rates, on the whole its influence has been effective. The commission, so far as its powers and facilities will permit, has made a careful study of the cost of service for the purpose of fixing rates.

Question 5

(a) Congress provides by law that after 1933 the rates charged by all interstate aviation companies should not yield them a net return in excess of one percent of the value of their property which is devoted to the business.

(b) Congress further provides that judges who fail to enforce this law strictly shall be dismissed from their offices.

(c) A state law provides that no life insurance company shall be permitted

to license more than one hundred agents in that state and that the licenses of all other agents of that company in the given state shall be cancelled as of Dec. 31, 1933.

(d) This state law further provides that life insurance company assets be examined once every month during the depression by a state official at the expense of the company.

Would these laws be valid? Reasons.

Answer to Question 5

(a) This law would not be valid. While Congress has the power to regulate interstate commerce and hence aviation companies doing an interstate business, it does not have the power to fix rates which will not yield more than one percent net on the value of the property involved. Such a low rate would be construed by the courts as confiscation of property and this would be con-

trary to the fifth amendment to the federal constitution providing that no one may be deprived of his life, liberty, or property without due process of law.

(b) This law would be invalid. This law would be interpreted by federal judges and in the last resort by the Supreme Court of the United States. Judges of the Supreme Court hold office during life and good behavior, as provided in the constitution. Congress has no authority to dictate to the judiciary since the judiciary is an entirely separate body receiving its authority from the constitution, which divided government powers into three divisions: executive, legislative, and judicial. If Congress were able to pass such a law, it would render useless the system of checks and balances, which is an important principle underlying our system of government.

(c) A state law arbitrarily limiting the number of agents that a company may appoint in that state, and further providing for the cancellation of the licenses of all other agents, is invalid. This is contrary to the 14th amendment of the federal constitution which provides that no state shall deprive any person of life, liberty or property without due process of law. Under its police power there is no doubt that the state can regulate the licensing of agents, but such regulation must be reasonable.

(d) The validity of this law will depend upon the necessity of a monthly examination of life insurance company assets and the costs which are entailed thereby. If such an examination is necessary for the public interest and welfare and the costs of examination imposed upon each company are not unduly high, there is no doubt that the state has the right to pass such a law. If this is regarded as an arbitrary or unreasonable exercise of the police power, it would be regarded as a violation of the 14th amendment to the federal constitution.

(TO BE CONTINUED NEXT WEEK)

AGENCY MANAGEMENT

Points Brought Out in Regard to Training Agents in Field

U. O. Etchison, general agent of the Continental Assurance of Chicago for northern Indiana, in speaking on "Salary Investment Insurance," told the members of its General Agents & Managers Association at the convention in Chicago that they hold a most important executive position in a great business in that 4 percent of every American dollar is spent with it. He reminded them they must realize their responsibilities and they must cooperate with new agents and show them how to get the business. He said that older agents must also be assisted in bettering themselves in that 80 percent of life insurance is written by 20 percent of the men. He pointed out that a goal to strive for in selecting and making producers is that of having all of agents in the 20 percent class.

"Consider training men to be like yourselves," he added, "men who should be able to write business under any conditions as normal. General agents must have the right mental attitude. On prospecting for qualified men the general agents should show the men they select the same plans used by themselves provided the plans are successful ones because to be successful general agents they must have successful men with them. The challenge of today is courage to put new things into operation. Every man must find his own road to success. The success of others is a lamp for guidance only."

Salary Investment Insurance

Mr. Etchison pointed out that in getting prospects for salary investment insurance a sufficient number who have a need, who are agreeable to talk to and who can pay for it should be the ones selected. He said that every employer is a prospect for salary investment insurance. Mr. Etchison described to some length a plan which he uses successfully in prospecting for salary investment. He goes to the employer after he has become acquainted with him and through material obtainable from the home office, shows him the working plan of salary investment insurance. He shows how this is a way in which employers can give something

to their employers. If the employer cannot raise salaries at the time then there is a good argument to show him that he can give his people some benefit without too great an expenditure.

Plan Is Explained

He gets a list of the employees and then he and his men solicit them, never at their work but at their homes. In the salary investment insurance plan all members of a family can be included provided the premium is deducted from the salary, he said. When one has the permission of the employer or a franchise then he can start working the plan. After a salary investment plan is working there are by-products to be obtained through these contracts. He said that it is not unusual for an executive to carry only \$3,000 or \$5,000. When he sees the benefits to his employees before his own eyes through checks passing through his own office he will soon ask how much \$25,000 or \$50,000 of insurance will cost him. Mr. Etchison closed with "Your business is the only opportunity for you being prosperous by making other people prosperous."

D. M. Phipps Gives Advice

D. M. Phipps, director of field service, said that too many general agents try financing agents instead of training them. He declared that the general agents must make men instead of giving them money and pats on the back and sending them out with a hope of good luck. The agent, he contended, must have an adequate amount of training and supervision to be able to sell insurance. There must be team work and cooperation on the part of the general agent and company to fit a man properly for selling, he stated. Another point brought up by Mr. Phipps was the need for planning agents' work, and motivating them. The new man must be enthused and spurred on, he must be made to like the business, he said. In closing Mr. Phipps pointed out the necessity of patience in building an agency. He said that it cannot be done overnight and averred it is no easy job.

Earl Cavette Head of the Peoria, Ill., Chapter

At a meeting of the Peoria, Ill., C. L. U., F. E. Cavette, Massachusetts Mutual, was elected president. R. C. Lowes, Jr., was elected vice-president and John H. Roth, Jr., secretary-treasurer.

One new member has been added to the Peoria group, Frank Gordon of the Union Central. Peoria now has 11 C. L. U.'s.

A large class of Peoria men has been organized for studying the C. L. U. course this year. The first regular study class was held recently.

The course this year will include economics, government and sociology, Part III of the course. Prof. L. G. Tillotson, dean of the department of business administration at Bradley College, will conduct the classes.

Two C. L. U. Publications

The American College of Life Underwriters which has its registration board at 503 Integrity building, 36th and Washington Streets, Philadelphia, has issued two pamphlets, one making announcements and giving a directory of those who have secured the C. L. U. degree. There is important information regarding the procedure of taking examinations, the suggested reading list and review of activities. The other booklet is devoted to organized study for the C. L. U. examination. Both booklets are of great interest to those that propose to prepare for the work.

Keenest Interest in Big Problems

(CONTINUED FROM PAGE 1)

Financial Section in view of the importance of investments in life insurance has loomed up in a conspicuous way. Hence there was deep interest in the papers presented and the discussions. The subjects were of immediate concern such as the Home Owners Loan Corporation, moratorium tax relief, the farm credit administration, municipal bankruptcy as brought about in the Wilcox bill, bondholders' committees, etc.

Industrial Section Had a Meeting

The Industrial Section, the newest one, had its session Thursday afternoon when a great number of the conventioners not interested in that particular line went to the Century of Progress Exposition.

W. J. Bradley of the Home Life of America, Philadelphia, is chairman of this group and F. M. Nettleship of the Equitable of Washington, D. C., secretary.

All hands will meet with the Agency Section Friday morning.

There is a large attendance this year, which signifies the fact that everyone is trying to learn something of practical benefit in the administration of the business. Not only are company presidents on hand but other officials, all eager to gather what they can to make them more efficient and to enable them to conduct their affairs with greater satisfaction. There is much interchange in opinion, much discussion on subjects of mutual concern, not only in business sessions but in the hotel lobby and rooms.

Big Parade Started Wednesday

After two days with the Legal Section and one full day with the Financial Section, the big convention proper got under way Wednesday morning with Daniel Boone, president Midland Life of Kansas City, presiding. Mr. Boone belongs to the famous life insurance Boone family that started with the New York Life. His forbears and relatives as well as he became prominent in life insurance and stood out with distinction in their work. Mr. Boone has done very effective service as head of his organization during the year. It has been a trying and tragic one in many respects but he has stood at the helm with a clear eye and experienced hand. He is easy in presiding and his presidential address was listened to by all with keenest attention.

Greetings from Other Bodies

At the opening session fraternal greetings were extended by M. A. Linton, president Provident Mutual Life, representing the Life Presidents Association; C. Vivian Anderson, president National Association of Life Underwriters; R. B. Hull, managing director of that association; A. Gordon Ramsay, Canada Life, representing the Canadian Life Officers Association, and T. F. Cunneen, U. S. Chamber of Commerce.

Manager and General Counsel Byron K. Elliott from the head office in St. Louis presented his annual report showing that much work has been done by the association. The guest speaker of the morning was C. B. Merriam of Topeka, director of the Reconstruction Finance Corporation, who spoke on life insurance from the viewpoint of a business man.

Mr. Merriam said that in the last 25 years he has paid life insurance premiums of more than \$150,000, which have created for him an estate of \$250,000. He predicted that farm mortgages as a form of investment will stage a comeback and said the administration's determination to increase farm commodity prices will be a strong factor in that connection.

Ernest Palmer, director of insurance for Illinois, one of the newer insurance

supervising officials, but a man of great promise in his position, appeared Wednesday afternoon to extend greetings.

The afternoon session on Wednesday brought a trio of famous life company presidents, men of excellent training and superior reputation. Leading in the general topics of the session was "Investments." This is one that is of supreme interest to all. The leader in the session was President R. W. Huntington of the Connecticut General Life, a dignified president, who does not hesitate, however, to smoke his pipe while he is sitting in the pews, so to speak. He has a real sense of humor.

O. J. Arnold on the Program

Next came President O. J. Arnold of the Northwestern National Life, former president of the American Life Convention, a man of keen intellect, who is regarded as one of the real leaders of the organization.

The last man to speak at this session was President G. S. Nollen of the Bankers Life of Iowa, one of the finest looking men in the organization, whose pronouncements are always of interest and who has something to say worth saying when he gets up. Mr. Huntington spoke of diversification in investments, Mr. Arnold on bonds and Mr. Nollen on farm mortgages.

Thursday Morning Session

Thursday morning brought another interesting session, the subjects being diversified. E. E. Cammack, vice-president and actuary of the Aetna Life, one of the most capable of the technical men connected with insurance, who has not been heard before at an American Life Convention meeting, spoke on premium rates and surrender values for non-participating insurance. The discussant was W. M. Morris, vice-president of the Atlantic Life.

One of the founders of the American Life Convention, its first president and the only man who has been president on two different occasions, J. B. Reynolds of the Kansas City Life, spoke on the evolution of the policy contract. Mr. Reynolds perhaps has more influence than any other man in the organization. His counsel is sought and it is always excellent. T. A. Phillips, president of the Minnesota Mutual Life, discussed Mr. Reynolds' paper.

Buckeye President Speaks

Another president, coming from the Buckeye state, was U. S. Brandt, who is head of the Ohio State Life, formerly in the active practice of law, one of the master commissioners of the common pleas court for 12 years. He spoke on the subject, "State or Federal Supervision," a very pertinent one that is causing everybody to sit up and take notice when the topic is mentioned.

The Agency Section will hold forth Friday morning with James A. McLain, vice-president of the Guardian Life, presiding as chairman. There will be a quartet of famous speakers who will stage the program. The theme is "The Agency Executive—Model 1933." Vice-President E. B. Stevenson of the National Life & Accident, one of the leading southern companies, will talk on the "Agency Executive and a Common Problem." The next three speakers will get out telescopes because the agency executive is being viewed and tested by experts. Vice-President A. J. McAndrew of the Lincoln National Life will view the agency executive from the standpoint of a brother officer. President M. J. Cleary of the Northwestern Mutual Life will tell how a chief executive looks at the agency executive, while Vice-president H. H. Armstrong will take an introspective view to reveal how an agency executive looks at himself.

Keesling Slated for President

F. V. Keesling of San Francisco, vice-president West Coast Life, who has been on the executive committee for three or more years, is slated to be elected president of the American Life Convention Friday afternoon. President G. S. Nol-

Complications Arise in Loan Agents Relations

Life companies' relations with mortgage loan agents have changed since the depression started, said J. E. McPherson, treasurer Business Men's Assurance, in his discussion on "Contracts with Mortgage Loan Agents," before the Financial Section meeting of the American Life Convention in Chicago.

In the days of prosperity a contract with a mortgage loan agent was comparatively a simple document, giving rise to few controversies, said Mr. McPherson. Those men who had qualified as representatives were usually men of high type and possessed considerable financial stability. But times and customs have changed, particularly in regard to farm loan agents, because of the distressed conditions. As a consequence many companies found themselves without proper representatives to service loans already purchased. There arose the need of replacing agents who were no longer able to carry out a contract.

Different Provisions Required

A contract covering the servicing of existing loans requires different provisions from that which contemplates the acquisition of new loans. As mortgage loans represent about 40 percent of the life companies' total assets, it is exceedingly important that the investment be safeguarded in every possible way. Protective measures must begin with the acquisition of the loan which involves the careful selection of agents through whom the loans may be purchased. Following the selection comes the agreement as to provisions of the purchase agreement and the writing of those provisions into a contract. Duties, obligations, rights to preserve the equities of the contract of the contracting parties should be prescribed. Mr. McPherson discussed the details of the form of the contract and various provisions.

len, Bankers Life of Iowa, is spoken of very favorably for a place on the committee.

In the program that was sent out from the A. L. C. office there was no provision made for the annual banquet and ball. There was considerable outcry for the event and hence it was held Wednesday evening. It was thought that it would be omitted this year so that more time could be given to visiting the world fair. However, there was sufficient sentiment to bring about a change in plan.

May Meet in Chicago Regularly

There is a good deal of sentiment to have the annual meetings of the American Life Convention held hereafter in Chicago making it a permanent meeting place. When the organization met in the city a few years ago that sentiment became pronounced. However the association was under obligations to go to Toronto and Pittsburgh and it went to those cities. That has now been met. Many executives feel that Chicago is the most convenient point and with some companies desiring to send two or more people the expense is cut down by having a convenient convention city. Even if a meeting now and then is held elsewhere, Chicago perhaps will be the main gathering point.

O. J. Arnold's Address

Investment decisions must be based on facts and not on assumptions, nor solely on the advice of others, and life insurance men if they have not already done so, must equip themselves to obtain the facts on which their investment activities must be based, said O. J. Arnold, president of the Northwestern National Life, in his talk on "Bonds and Investments for Life Insurance Companies." The two forms of investment for life insurance have been bonds and mortgages. The activities of the

government in the broadening of the farm loan corporations and the setting up of city loan corporations, may close the mortgage field to the life companies. On the other hand, the restrictions placed on banks and the divestment of banks from their investment affiliates will widen the bond field for insurance institutions. The bond field is not simple. Political aspects of utilities and railroads, and even the emergency measures affecting industry, are three problems for the bond investor.

Even if the government activities left any field for life insurance loans on farm or city property, ill advised moratoria laws in many states would be enough in themselves to deter life insurance investments. Bonds in general have an advantage in liquidity, a new requirement in life insurance. While mortgages have given a large gross return, it is doubtful if the net is better than on bonds, if the expenses of sound investigation are properly charged in mortgages.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

Of The National Underwriter, Life Insurance Edition, published weekly at Chicago, Illinois, for October 1, 1933. State of Illinois, County of Cook, ss:

Before me, a Notary Public, in and for the State and county aforesaid, personally appeared John F. Wohlgenuth, who, having been duly sworn according to law, deposes and says that he is the secretary of the National Underwriter Co., publishers of the National Underwriter, Life Insurance Edition, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to-wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher—The National Underwriter Co., Chicago, Ill.

Editor—C. M. Cartwright, Evanston, Ill.

Managing Editor—C. M. Cartwright, Evanston, Ill.

Business Manager—H. J. Burrige, Hinsdale, Ill.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.)

The National Underwriter Co., Chicago, New York, Cincinnati.

E. J. Wohlgenuth, Cincinnati, Ohio.

C. M. Cartwright, Evanston, Ill.

H. J. Burrige, Hinsdale, Ill.

G. W. Wadsworth, Chicago, Ill.

John F. Wohlgenuth, Hinsdale, Ill.

H. M. Diggins, Cincinnati, Ohio.

R. E. Richman, Hartford, Conn.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.)

None.

4. That the two paragraphs next above, giving the names of the owners, stockholders and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest, direct or indirect in the said stock, bonds, or other securities than as so stated by him.

JOHN F. WOHLGENUTH, Secretary The National Underwriter Co., publishers The National Underwriter, Life Insurance Edition.

Sworn to and subscribed before me this 29th day of September, 1933.

JOHN B. BERNSCOT, Notary Public.

(Seal) My commission expires Dec. 31, 1936.